

FINANCIAL TIMES



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No. 27,256 Wednesday April 27 1977 ***12p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.15; BELGIUM F.25; DENMARK Kr.3.5; FRANCE Fr.3.2; GERMANY DM2.0; ITALY L.50; NETHERLANDS Fl.2.0; NORWAY Kr.3.5; PORTUGAL Esc.30; SPAIN Ptas.40; SWEDEN Kr.3.25; SWITZERLAND Fr.2.0; DRE 12p

NEWS IN BRIEF

GENERAL

Britain warns U.S. on Concorde deal

Britain has told the U.S. it will not conclude a new Bermuda civil aviation agreement unless it receives assurances from the U.S. Government that Concorde will be permitted to use Dulles Airport in Washington.

Mr. Edmund Dell, Trade Secretary, made his clear when he met Mr. Brock Adams, U.S. Transportation Secretary, yesterday.

On Thursday, a New York court will consider and perhaps rule on the question of Concorde landing rights at Kennedy Airport. But the British have not attempted to link New York with renegotiation of the Bermuda treaty. Concorde routes under review, Page 10

BUSINESS

Equities firm; gilts and gold fall

EQUITIES rose cautiously. The FT 25-share index gained 2.0 to 421.0 while the All-Share was 0.1 per cent. higher at 176.78.

GILTS were dull and closed with losses ranging to 1. The Government Securities index fell 0.23 to 68.53.

GOLD fell \$1 1/4 to \$177.

STERLING was unchanged at \$1.7121; its weighted index improved to 61.8 (61.7). The dollar's weighted depreciation improved to 0.97 (1.05) per cent., while the Swiss franc's appreciation fell to 42.57 (43.04) per cent.

WALL STREET was 0.60 up at 915.20 near the close.

METAL prices continued to drift downwards on the London Metal Exchange, with copper

Callaghan move

Mr. Michael Foot, Leader of the Commons, said he would have talks with the Prime Minister when Mr. Callaghan returned from his visit to Germany about the future of the two London evening newspapers. Back Page; Parliament, Page 14

Slater decision

The Singapore Government's appeal against the refusal of the Chief Metropolitan Magistrate to order the extradition of Mr. Jim Slater, the financier, on charges arising out of the affairs of Hawar Brothers International, was dismissed in the High Court, Page 8

McGarvey dies

Sir Dan McGarvey, president of the Boiler-makers' Amalgamation, has died, aged 57, after a long illness. He was knighted in the New Year honours list. Birthday Page 11

Unemployment up slightly

UNEMPLOYMENT in the U.K. rose slightly last month. The total has not risen since early autumn, contrary to most economic forecasts. The French Prime Minister presented a 1.48bn. plan aimed at reducing unemployment to the National Assembly. Back Page

Janish riots

Two thousand demonstrators, armed with police outside the offices of Berlin's Tidende newspaper, Copenhagen, which published an emergency edition this week without the slip of normal printing, since no have been on strike since January 20. Police said that the riots were the worst in Denmark since 1970. Page 4

ans jailed

Cardiff stipendiary magistrate jailed two teenage soccer players for a month for using threatening words at Ninian Park stadium last month when Cardiff played Plymouth Argyle. He jailed for a fortnight a rugby player who admitted assaulting a referee. Constable.

riefly...

William Ryland is to retire as chairman of the Post Office at the end of October, two months earlier than expected.

QEE is to have her annual fit at a U.S. yard instead of by super Thorncroft at Southampton.

Id Baller: When 17 coloured youths appeared for trial on charges arising from last year's Otting Hill carnival, 103 out of 5 potential jurors were challenged.

Ernest Perry, the 69-year-old labour MP for Atherstone, said he would not stand at the next general election because he had been "hounded out" by Left-wingers. Page 14

West Germany's ruling Social Democratic Party appears to be moving towards a trial of strength with its Left-wing overrr Klaus-Uwe Benneter, chairman of the Young Socialists and a favoured Marxist. Page 4

ability allowance for the disabled will be raised by £2 to £7 week from November. Page 14

COMPANIES

CHRYSLER U.K. incurred a loss of £8.2m. in the first quarter, according to Detroit head office.

BROOKS BOND LEBIG is raising £18.5m. and is forecasting increased pre-tax profit for the year to June 1977 of at least £48m. (£24.6m.). Page 22 and Lex

SEARS HOLDINGS pre-tax profit for the year to January 21 fell to £42.47m. (£48.12m.) due to losses in the U.S. and sharp falls in profitability in engineering and the William Hill betting shop chain. Page 23 and Lex

RECKITT & Colman directors report that the group is in a very strong financial position. Page 23

SHARE PRICE CHANGES YESTERDAY

Prices in pence unless otherwise indicated

RUSES	
NP	71 + 6
Sec. Newspapers	175 + 10
Vanua Group	32 + 2
ibby (J.)	145 + 12
amelia Inv.	230 + 6
and Newman	102 + 4
Lawyer Sidgley	350 + 14
Popkings Holdings	51 + 5
and House Prop.	117 + 3
and House Prop.	97 + 2
and Secs.	100 + 5
licity	21 + 2
searthill	71 + 2
swest Holt	123 + 2
tedfearn Nat. Glass	123 + 2

Swiss banks offer Cr dit Suisse £688m. standby aid

BY JOHN WICKS, Zurich, April 26

Switzerland's banking community rallied round Cr dit Suisse to-day in the face of what will probably prove the most serious single loss of a Swiss Bank since the war with a standby credit of Sw.Frs.3bn. (£688m.).

The offer, by the National Bank (Switzerland's central bank), the Swiss Bank Corporation and Union Bank of Switzerland was made after urgent consultations called by the National Bank.

Credit Suisse denied to-night that there had been a run on the bank, saying it had noticed no unusual withdrawal of deposits.

The news of the standby credit for Cr dit Suisse — one of the country's big three banks — comes yesterday's announcement of the arrest of three senior officers at the bank's Chiasso branch in the Italian part of Switzerland.

It came early to-day after the public prosecutor of the district of Sottoceneri in Canton Ticino had said that Sw.Frs.2.2bn. had been involved in "improper direction" of clients funds held in trust to the Liechtenstein-based company — Tesxon-Finanzbank.

The National Bank and the two leading commercial banks clearly felt it necessary to show their solidarity with Cr dit Suisse and make it clear that even a loss equal to the entire Sw.Frs.2.2bn. would be covered.

In fact, the amount is partially offset by substantial assets owned by the Italian groups — the Wineford wine and restaurant concern, the Albarella-Mare resort development and the Ampaglas plastics company — in which Tesxon invested the money.

The fact that the huge standby loan is designed to bolster the Swiss banking community's sagging prestige is underlined by the fact that Cr dit Suisse to-day said "that it was very grateful for the offer but did not need the loan. It will for some considerable time be unable to assess just how great its net loss is likely to be."

Weakened

The bank's shares finished the day Sw.Frs.250 lower for bearer stock from yesterday's close, though there was a certain improvement during the afternoon.

The bearer stock, however, now stands at only Sw.Frs.2,100 as compared with Sw.Frs.2,750 before the first announcement of the Chiasso loss. The Swiss stock exchange fell 4.6 points.

New EEC deal holds food price rises to 3 1/2%

BY ROBIN REEVES

LUXEMBOURG, April 26.

ONLY LIMITED food price increases will result directly from the EEC farm prices package, a study concluded here this morning.

This is after a bitter last-minute battle over a special EEC-financed 5p a pound butter subsidy for the U.K. to cushion the Common Market-inspired rise in butter prices over the coming year.

In what turned out to be one of the most modest EEC farm price settlements for several years, the rise in common EEC farm prices was kept down to only 3 1/2 per cent. The U.K. is to devalue the Green Pound by 20 per cent.

The new farm deal becomes operative on Sunday and lasts for the next 12 months.

Also on Sunday, food prices will be affected by a further transitional step towards common farm prices with the EEC under the accession treaty.

The immediate impact of the farm deal and the transition step on U.K. food prices will be about 2 1/2p to the £. A further 2p will be added by the last transitional step on January 1 next.

The package finally agreed by the Council of Ministers was only marginally different from the one blocked by Mr. John Silkin, U.K. Minister of Agriculture, last month, to the anger of the rest of the Community.

But, later to-day there were few recriminations and even grudging acceptance that Britain had, after all, played the game, albeit very toughly, by commissioning its original demand for 20p a lb butter subsidy and even the final bid of 10p.

The deal confirms scope for a 5p a gallon increase in the milk producer price. This could lead to a 3p or 4p per pint retail milk price rise.

A likely rise in another dairy product, cheese, could be around 2p a lb.

In the cereal sector, the prospective rise in farm guarantees for all reasons will be 23 per cent. for wheat and 24 per cent. for barley.

Government expects £5.5bn. in three years from North Sea oil

BY RAY DAFTER, ENERGY CORRESPONDENT

THE Government expects to receive £5.5bn. in tax and royalties from the North Sea over the next three years as oil production builds up more quickly than forecast.

After 1950, when Britain should be self-sufficient in oil, the Government's depletion programme will be influenced by the Government's depletion policies as yet undecided and possible new anti-pollution and safety criteria.

Dr. Dickson Mabon, Minister of State for Energy, said yesterday that the Government had started discussions with the U.K. Offshore Operators' Association to review the implications of the Ekofisk blow-out.

The desirability of building separate offshore accommodation platforms and the possible need for more safety and clean-up equipment were among topics discussed.

The Minister said that within the next 14 months the offshore industry could order between three and five production platforms.

Texaco has raised the wholesale price of petrol by 1p a gallon, which could add 1 1/2p a gallon to pump prices.

Details, Page 5

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Vapour clouds stop Ekofisk capping

By Kevin Done

STAVENGER, April 26.

HOPE of an early return to production from undamaged wells in the Ekofisk field were dashed to-day when dangerous clouds of gas and vapour began drifting towards the centre of the complex.

A sudden drop in wind caused the team to abandon the platform and postpone the capping operation on the blow-out well.

Production had been resumed at 2 a.m. after assurance from the company to the Norwegian authorities that the oil and gas spewing from the blow-out

The Meteorological Office last night issued the following forecast for the Ekofisk field: Wind: south-west moderate or fresh, increasing fresh or strong and veering west. Weather: rain soon turning to showers. Visibility: good, occasionally moderate in rain or showers.

well on the Bravo platform presented no dangers to the two producing platforms, Alpha and Charlie.

Eleven hours later changes in the weather brought production to a halt and forced work on the damaged Bravo well head to be abandoned yet again.

The wind speed dropped causing oil to shower directly on to the Bravo platform.

Pressure in the rogue well is so great that a fountain of oil and gas is rising through the drill deck area and up as high as the top of the derrick structure.

Instead of being blown clear of the production complex, as was the case earlier, oil and gas vapours began drifting towards the Ekofisk centre, one and a half miles to the south.

Chances of explosion were so great from the gas being flared off from one stack in the centre complex that Phillips Petroleum was forced again to halt oil production which had been proceeding at a rate of about 150,000 barrels a day.

More seriously, Phillips' engineers and the two blow-out experts from the Red Adair organisation had to quit the Bravo platform because the showering curtain of oil and concentrations of gas made working conditions too dangerous.

The giant pipe-laying barge, Chetco, which is acting as the operational supply base beside the Bravo platform, is being moved to a safe area. Norway investigations to start immediately, Page 4

IMF is near exchange rate agreement

BY DAVID BELL WASHINGTON, April 26

THE INTERNATIONAL Monetary Fund is close to agreement on a set of far-reaching guidelines under which it will exercise its new authority to monitor the exchange rate policies of member-countries.

A final draft of the guidelines will be considered by the Fund's Interim Committee at its meeting in Washington this week and it is likely to be approved. Members agreed in Jamaica last year to give the IMF broad exchange rate surveillance powers.

If approved the guidelines would greatly strengthen the hand of the Fund and, in particular, give its managing director a central role in "policing" world exchange rates, a role which some members may be less than happy to see him playing.

Among other points, the draft document outlines various factors that might give the Fund cause for concern about the exchange rate policies of a member.

It suggests that countries might like to discuss with the managing director in advance "important changes which they contemplate in their exchange arrangements or their exchange rate policies."

Although the wording of the guidelines leaves some room for manoeuvre, it clearly reflects the increasing importance that the Fund is attaching to the need for better control of world exchange rate movements.

This has already led to firm but discreet pressure on Germany and Japan to adjust their currencies to reflect the strength of their economies.

The Fund staff have also made it clear that they are concerned that weaker countries like Britain and Italy may not have let their currencies fall far enough yet to reflect the continuing effect of inflation on their competitive positions.

Members would have 30 days to advise the Fund how they intend to meet these obligations once the guidelines have been approved and the amendment to the fund's articles has been ratified by member-countries.

Exchange rate consultations would be held with every member once a year.

If the managing director considers "that a member's exchange rate principles, he shall raise the matter confidentially with the member and shall conclude promptly whether there is a question of the observance of the principles."

Should the managing director consider that the principles have been breached, he has the power to raise the issue in the executive Board.

Although the guidelines provide for no outright sanctions against an errant member, it is clear that a breach of these principles would pre-empt the IMF to take an adverse view of any future request for loan assistance.

Competitive Rethink urged on postage

BY DAVID BELL

THE BRITISH Printing Industries Federation has urged the Post Office to reconsider proposed increases in second-class postage and overseas printed papers. They say the latter increase could seriously affect exports of books and other printing products.

The document sets out three basic principles: The first and most important of these is that "member shall avoid manipulating exchange rates or the international monetary system in order to prevent effective balance of payments adjustment to gain an unfair competitive advantage over members."

The other two principles call on members to intervene to correct short-term "disorderly conditions" and to take account of the "interests of other members."

The document lays down a number of criteria to be used in deciding whether a member-country has complied with these principles. It says that the Fund will be

£ in New York

	April 26	Previous
Spot	\$1,706.7121	\$1,716.1122
1 month	1,706.50 0/16	1,716.11 0/16
3 months	1,712.128 0/16	1,717.127 0/16
12 months	1,740.750 0/16	1,719.108 0/16

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LOMBARD

Who's in and who's out

BY SAMUEL BRITTON

MOST PEOPLE who follow economic debates are, whether they admit it or not, far more interested to know why certain policies and ideas are adopted, whose advice counts and why, than they are in contorted arguments for and against the theories themselves.

'Bad taste'

But Mr. Pringle's real 'bad taste' is in showing by means of a succession of extracts how so many of the commentators and most quoted outside experts urged on the authorities in their mistakes. The NIESR can claim to be the godfather of the Heath-Barber dash for growth.

The author sees that no conspiracies were hatched. On the contrary, 'most of the traffic in messages is quite banal in content. Most of all consists of gossip or talk about people. The real function of these circles is to keep everybody up-to-date with what is in.'

'The circles'

The publication cannot be expected to be popular among those 'circles', and they can be expected to react by the mildly derogatory remark and the half-pitching shrug, designed to minimise attention. Even its publishers, Sir Keith Joseph's Centre for Policy Studies, did not for a time know what to make of a piece of economic writing in which readers were 'invited to suspend disbelief, as if at a play.'

RACING BY DOMINIC WIGAN

Water Boy can make a splash

IN SPITE of the strong claims of The Minstrel, trained by Vincent O'Brien, I believe he can be beaten in today's 2,000 Guineas at Newmarket, and it may pay backers to oppose him with Francois Boutin's French challenger, Water Boy, who will be at more attractive odds.

SALE ROOM BY PAMELA JUDGE

Tribal art fetches £62,587 at Christie's

TRIBAL ART fetched £62,587 at a Christie's sale in London yesterday with many of the higher prices reaching only the lower end of the pre-sale estimates.



This Kongo figure made £5,000.

GARDENS TODAY Solving the problems of hibernating gardeners

BY ROBIN LANE FOX

BY THE time she feels like working in her garden, it is too late for her to plant anything of any interest.

Perhaps you already grow the family called Epilobium and perhaps you have not lost them in winter. As value for money, there are few better plants for a light semi-shaded place, in any soil, acid or not.

Puddling

I note with interest the appearance of a new and yet more expensive group called the 'containers', this admits the difficulty on the whole, I would try to choose a container.

In threes

If I had a wall or a bed in an open half-shaded site, I would group three of each variety for its life only now and again.

'Discrimination in pensions'

MANLY employers do not accept women for membership to contribute in force, the board has been of the opinion that the equal access benefits for contracting-out have been agreed.

TV Radio

- Indicates programme in black and white. BBC 1 6.40 a.m. Open University. 9.25 For Schools. 10.45 You and Me. 11.00 For Schools. 12.45 p.m. News.

- 5.55-6.20 Wales To-day. 6.40-7.05 Heddidi. 7.05-7.30 Pobl y Cwm. 7.30-7.40 Tom and Jerry. 7.40-8.10 Garry Cooper.

F.T. CROSSWORD PUZZLE No. 3365

Crossword puzzle grid with numbers 1-27 and letters A-Z.

BBC 2

- 6.40 a.m. Open University. 10.25 Nai Zindagi Naya Jeevan. 11.00 Play School. 11.25 Open University. 12.45 p.m. Open University.

ACROSS 1 Numberless makers of the M1 (8, 3, 3). 18 Revolutionary who found Bath deadly (5). 19 Change order given by patroness (8).

RADIO 1 247m (5). 2.00 News. 2.15 Midweek. 2.30 News. 2.45 News. 3.00 News. 3.15 News. 3.30 News.

NOTICE OF REDEMPTION

ENTE NAZIONALE IDROCARBURI

(National Hydrocarbons Authority) 6% Sinking Fund Debentures due June 1, 1988

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by ballot the following serial numbers:

Table with columns for serial numbers and amounts, including 'DEBENTURES OF U.S. \$1,000 EACH'.

On June 1, 1977, there will become due and payable upon each Debenture the principal amount thereof, in each coin or currency of the United States of America as on said date is legal tender for the payment thereof of public and private debt.

Large advertisement for HEC (The Great Scott) toilet paper, featuring a cartoon character and the slogan 'It seems to be the way for life'.

Handwritten note: 100/100 1.50

هكذا من لاصل

Higher than all pain by CHRIS DUNKLEY

Like Christmas presents or Easter eggs which could be opened more comfortably (though less excitingly) than a longer period, new television comedies always seem to come up in bundles.

After seeing nothing new for a while we have recently been introduced to four new series in rapid succession: *Backs to the Land* from Anglia (not a comedy series, but all the same welcome for that), *Miss Jones and Son* and *Paradise Island* from Thames, and *Don't Forget to Write* from BBC 2.

It is a reflection of the historic, but seemingly quite unappreciated, British flare for punning and love of verbal wit that these titles are in themselves jokes.

Backs to the Land makes little secret of its inspiration (or inspiration). After the enormous success of the BBC's *Dad's Army* and wartime comedy was certain to expand as enough the RAF was given a top with *Get Some In*, and only six months ago Granada offered another chance for a nostalgic wallow with the rather predictable *Yanks Go Home*. Anglia make their intentions pretty plain when they describe the women of their new series, "a kind of Mum's Army".

What they have done is to take three girls (which rings a bell) from the city and throw them into the life of a rural village. "I know the difference between cows and bulls," says one of them in the first episode, which was called "A Bit of Good As A Male," "cows have nooms."

Predictably the three girls have an awful lot in common: the motorbike riding Jenny Dabb played by Terese Brown is very present to Miriam Martin's character in *The Raggy Side* — a rule-quoting cockney, who always jumps ahead of the boss's attempts to cheat his work; Philippa Howell's Shirley Brown is middle class Jewish; and Gabby Daphne Finch-Bearcamp played by Marilyn Galeworthy is the sort of girl who puts on 27 layers of white net to go to the local hop.

So on the debit side of the series, is the tendency for the jokes to be written to familiar formulae: either naive town girls in the country, or misunderstanding between people from very different backgrounds. On the credit side are the film inserts which appear to have been shot in the glorious summer of 1976.

One of the reasons, presumably, for so many series harking back to the war is that it does provide a period familiar to many viewers (even though an ever increasing proportion of us cannot remember it at all) when one set of social conventions was still pretty well universally recognised. The turmoil of war put many people, such as the laundresses, into situations where those conventions simply couldn't be observed, and the breaking of course of the breaking of conventional taboos is a traditionally rich source of comedy. Yet the code does have to be widely accepted before you can make capital out of breaking it. Being set in the present, Thames's series *Miss Jones and Son* has none of these advantages. In fact its producers must be wondering whether there is anybody who has not offended rather than amused. Moralists object that an unmarried mother is not a suitable subject for early evening comedy, and feminists protest that single mothers deserve sympathy rather than ridicule.

Those of us who have been fighting a rearguard action for years against the "liberal" who would prohibit jokes about Indians, homosexuals and heaven preserve us — mothers-in-law (all that ridicule is psychologically damaging!) from the worried mother popping back again and again to deliver a whole list of anxious reminders to the baby sitter, but two sets, with two babysitters. Similarly at the dinner party did not goose Miss Jones once or even twice but half a dozen times. Most dispiriting of all is the reliance on wet nappy jokes. Still, there was a very nice little cameo from Amanda Barrie as the hostess whose guests all started to fight for the telephone to check on the state of their babies.

Miss Jones and Son has an unusually large cast for this sort of show, but Thames's other new series, *Paradise Island*, has set down its vicar (Bill Selwyn Frositt) and its vicar's wife (William "Sohh You Know Who" Franklyn) on a desert island, and one that looks, moreover, remarkably like a not very brightly lit television studio.

As a collector of desert island cartoons for 18 years, I can vouch for the fact that this situation is rich in one-liners ("There they go sipping their damned martinis," remarks one castaway to the other, gazing up at a high



Elizabeth Spriggs and Paul Scofield in 'Volpone', which opened last night at the Olivier Theatre

Cottesloe The Passion by B. A. YOUNG

Highlights from the New Testament are what we have in the production by Bill Bryden and Sebastian Graham-Jones of *The Passion*. The emphasis is on the Crucifixion. This is done at length, with a lot of the soldiers' backbeat given by the York Chorus. The text has been worked on by the company with the advice of Tony Harrison. It is still nearer to Middle English than to current speech.

This is as it should be. It's a bad idea to bring the Mysteries much up to date. Modern speech and modern clothes suggest modern thought, and the thought in these plays belongs to the craftsmen of the 14th century, even if it does now and then correspond with today's ideas. Here we have modern clothes, but only in a broad, un-specific way that does not fight against the arrival of an angel in the top gallery or a Pilate dressed for the Chelsea Arts

Ball. Some of the music played by the Albion Dance Band, is aggressively modern, its horror-ness emphasised by the contrast with old songs like "This I have done for my true love." The tip-up seats have been taken out of the theatre (if you ask me, they should never have been there); add the audience

When Mrouchkins and Ronconi used similar notions, they mounted their scenes on platforms. There is little opportunity for subtle acting, and rightly, Mark McManus as Jesus moved me by his ordinariness. The young chap from the Guild of Pipers and Palaters in 1377 would react to the circumstances of Jesus's trial and execution as if they affected him personally; if he had tried to visualise Jesus he would probably have imagined him as a young chap from the Palestine Guild of Carpenters. The four soldiers who carry out the Crucifixion handle their cross-talk as neatly as Grave-diggers in *Hamlet*, but I must say that in a version lasting under two hours I thought their chatter took up too much time. We might have exchanged a little of it for something out of one of the other 47 plays in the cycle.



Laughter makers in (top) 'Backs to the Land' and 'Don't Forget to Write' (below) 'Paradise Island' and 'Miss Jones and Son'

Love at the Inn by ELIZABETH FORBES

Jeffrey Lambourne, deals with a summer night, are by Rodney Quilter apparently composed some of the numbers during the 1920s, but did not complete his score until the middle or late 1940s — he died in 1953. This piece of method of composition rather shows in the music; there is no uniform style, though much of the work is written in a general "light opera" idiom vaguely reminiscent of many similar shows from the years between the wars. There are as one of the other characters some pretty, easily singable remarks. "Cupid has hitched his heart to a bosom of quality," after the usual misanthropic setting. "Now sleep the matter is cleared up crimson petals," say, or almost on November 1, 1877 in Bright quite satisfactorily; Anne turns out to be the sister of William Ward the engraver. She did in reality become Morland's wife, choreographed by Sally Gilpin, *Love at the Inn*. The book, by the lyrics, including a sticky and designed by Malcolm Pride,

steward supporter of the Partnership Music Society, makes an amusing Robert, the head footman with a penchant for French, while Judith Wright, as Emma, hostess of the Inn, puts, over some astonishing lyrics — in an amazing accent — with a dead straight face. James Robertson conducts the London Senior Orchestra, showing no hint of condescension for the score, but rather communicating his admiration for a good piece of craftsmanship to players, and singers alike.

Elizabeth Hall Tortelier Trio by DOMINIC GILL

Two thirds of the Tortelier frequent and familiar warhorses, there was never the least sense in the playing of dull routine: there was life, and sparkle, and even once or twice a rich, dark humour perhaps not entirely un-Malcolm Sargent Cancer Fund for Children.

The hall was sold out, and the mood — as it is wherever Tortelier plays — was jovial. Tortelier himself, in robust, resonant form, began the evening with Brahms' F minor cello sonata. There was as ever in the performance that characteristic "effect," fine account, expertly made, but at a certain important boundary scheme, the underlying impulse serious, too taut, lacking at once were — the deep, soft-throated vibrato conjured by the left hand on an open string, so having heard it, the big, flamboyant, amazingly accurate and the relentless command spirits (discovered in the finale of the widest dynamic range, with almost explosive good breathless (but perfectly humour), but which unfolded over at the expense of quality, the most violent fortissimo attacks, the most violent fortissimo attacks, the most violent fortissimo attacks. For all that the Brahms F and minor is one of Tortelier's most fun.

Rock Garden Lamppost Reunion by MICHAEL COVENEY

The pipe-dreamers in O'Neill's *The Iceman Cometh* have many descendants in American drama and ground level. Although an atmospheric corner of this Covent Garden cellar bar is a good choice of location, the production never bites because no sort of realistic consistency informs the playing. Max Bygraves, the deliberately excessive clichés of the script rarely pack the satiric punch they should.

Jack is back in his old haunt after 20 years away making it big as an easy-listening singer. "What is it about the street that keeps calling you back?" he requires rhetorically, gazing blue-eyed through the nicotine haze at his former side-kicks in the home-town group. They stayed behind with their aspirations buried under a rubble of wives, children and lousy jobs.

But the play, you soon realise, despite Paul Marcus' uneven production, is a spoof on the genre. Jack suspects Biggie of screwing his mother and, in a long and very funny speech, recalls the morning when he shinned down a drain pipe with spring in his heart only to vomit it back up over a neighbour's neck. Nobody knows what happened for sure.

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Lyvyn Kaye as the Queen in 'The Court of Love' which opened last night at Sadler's Wells Theatre. A substantial donation from the London Celebrations Committee for the Queen's Silver Jubilee has enabled Sadler's Wells Royal Ballet to mount this new work which is choreographed by Lynn Seymour with commissioned score by Howard Blake.

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EUROPEAN NEWS

PORTUGUESE JEER SOARES

General Eanes warns he may step in

BY DIANA SMITH

LISBON, April 26.

GENERAL ANTONIO Ramalho Eanes, the Portuguese President, issued a veiled but firm warning to Prime Minister Mario Soares...

point of the public celebrations yesterday's military parade. The two-hour parade was a thought-provoking display of military strength...

than take drastic measures to stave off economic collapse, intends to take a tighter grip on the business of the state.

criticism of his policies inside his party. One of the most prominent members of the road socialist middle of the road socialist...

Spain seeks to stem pressure on peseta

By Roger Matthews

MADRID, April 26.

THE BANK OF Spain is to introduce new regulations on May 2 which will impose severe restrictions on dealings in the forward foreign exchange market.

Norway investigations to start immediately

BY WILLIAM DUFFORCE

OSLO, April 26.

THE NORWEGIAN Government today appointed an independent commission to investigate the Ekofisk blow-out in an attempt to establish its causes and determine whether safety regulations were properly observed.

Advertisement for EKOFISK BRAVO Blow-out, featuring an image of an offshore oil rig and text describing the product's benefits for the North Sea.

Rioting at Danish newspaper offices

By Hilary Barnes

COPENHAGEN, April 26. TWO THOUSAND demonstrators battled with police outside the offices of the Copenhagen newspaper Berlingske Tidende in the early hours of this morning...

Schmidt party may face trial of strength with its left wing

BY ADRIAN DICKS

BONN, April 26.

THE RULING West German Social Democratic Party, beset in the past few days by increasing signs of internal unrest, appeared today to be moving towards a trial of strength with its left-wing over the future of the chairman of the Young Socialists, Herr Klaus-Joerg Benneter.

The Chancellor has, however, apparently gained from the refusal of the opposition to meet with him. Herr Helmut Kohl and Herr Franz-Josef Strauß, to take part in a conference this evening to review the state of anti-terrorist policies in the wake of the Sbadak assassination, earlier this month.

Belgians discuss 3-party rule

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

M. LEO TINDEMANS, the Belgian Prime Minister, today invited leaders of the Liberal and Socialist parties to discuss the formation of a new "grand coalition" Government with his own party, the Social Christians.

intervention to reduce unemployment being pressed by the Socialists. The inclusion of the Socialists in a new coalition would certainly result in significant changes in the so-called "Economic plan for raising indirect taxes and boosting investment."

Norway gives F-16 go ahead

By Our Own Correspondent

OSLO, April 26. THE NORWEGIAN Parliament today authorised the Government to sign the final contract for the purchase of 72 General Dynamics F-16 fighter aircraft.

W. German textile orders fall

BY GUY HAWTIN

FRANKFURT, April 26.

THE AIR of cautious optimism in the West German textile industry appears to have evaporated with the news that for the past three months, orders have fallen heavily.

increased, again, by 3 per cent. An increasingly high level of textile imports is also causing the industry serious concern.

North-South talks aim for May deal

PARIS, April 26.

THE CONFERENCE on International Economic Cooperation (CIEC), better known as the North-South Dialogue, resumed today in Paris with a view to reaching agreement prior to the ministerial session scheduled for May 30.

Dong wants ties with the West

PARIS, April 26.

VIETNAMESE Prime Minister Pham Van Dong told French businessmen today that his Government wanted to see economic ties with Western countries as well as Communist ones.

Decision day for role of Italy's Communists

BY DOMINICK J. COYLE

ROME, April 26.

THE CENTRAL directorate of Italy's long-ruling Christian Democrat Party meets here tomorrow to decide, in effect, between allowing the country's powerful Communist Party to enter the Government majority...

Instead, the opposition is calling for "programmatic government," a peculiar Italian euphemism for an administration whose main policy proposals have been worked out in advance with the opposition parties.

both the Communists and the Socialists would switch from the policy of parliamentary abstention to one of actual support for a new administration, probably again under the premiership of Sig. Andreotti.

Dutch decision on domestic credit shortly

AMSTERDAM, April 26.

THE Dutch Central Bank expects to decide next month whether to limit the growth of domestic credit and on what form possible measures should take.

Advertisement for TEHRAN DAILY 09.55 NON-STOP, featuring flight information and the IRAN AIR logo.

Handwritten scribble at the bottom of the page.

هكذا من لاهل

Angry reaction to Carter plan to cut health costs

BY DAVID BELL

WASHINGTON, April 26.

PRESIDENT CARTER has taken the first hesitant step to fulfilling one of his campaign promises — that the U.S. should move towards the establishment of a comprehensive national health care system that would relieve the burden of the rapidly rising cost of health care.

He proposed yesterday that hospitals should employ a formula that would allow their costs to rise by no more than 9 per cent in a single year. In the past few years hospital costs have been increasing by about 25 per cent a year. The formula, if Congress accepts it, would force hospitals to cut costs and make better use of their facilities.

His proposal, even though it is a relatively modest one, has been

angrily received both by the American Medical Association and by the hospital industry. Both argued that the rise in hospital costs was a reflection of inflation and the growing sophistication of medical technology and that there was, therefore, no case for setting an "artificial ceiling" on the amount that costs could rise in a single year.

Mr. Joseph Califano, the Secretary of Health, Education and Welfare, told reporters that "hospitals are unlike any other segment of our economy. They are a big business but there is absolutely no competition." He said that as they received most of their income from insurance companies that pay the medical costs of most Americans, they are cushioned from the "marketplace" and there appears to be little or no incentive for them to cut costs.

This attack on hospital costs is only the first stage in the road towards a national health care system and it promises to be a long and difficult one. Those over 65 and those on social security in the U.S. already receive some help with their medical bills by Medicare and Medicaid—the two programmes under which this aid is forthcoming—have watched helplessly as their costs have risen in the past 10 years.

Mr. Carter used to say on the campaign trail that there was no opposition holding positions of power in the regions.

A hasty constitution repair job carried out during a fortnight's suspension of Congress earlier this month has left civilian health plan until the Government could be reasonably sure how much it would cost and could also be certain that it was not effectively having to sign a blank cheque to the medical profession.

Mr. Califano said that U.S. hospitals could have saved about \$330m. last year alone by taking fairly simple measures and noted that 25 per cent of all U.S. hospital beds are normally empty at any one time. At the same time, doctors tend to operate only in the mornings to give themselves time to see patients in the afternoon so that there is not maximum utilisation of operating theatres and other facilities which are extremely expensive to maintain.

However it is easier for the Secretary to make this point than to do anything about it and most observers believe that persuading Congress and the medical profession to control medical costs will take a great deal of time and effort.

Hussein encouraged by Mideast talks in U.S.

WASHINGTON, April 26.

PRESIDENT Carter, toasting King Hussein of Jordan at a dinner last night, warned that unless strikes were made toward peace in the Middle East this year "it may be a long time in the future before such an effort can be made again."

"I don't know if we will be successful this year," Mr. Carter told a working dinner for the King, who arrived in Washington yesterday for two days of talks. "It is very difficult to predict." The President said that at their first session of talks the two had had "a very fruitful discussion about past history and the future. We recognise the difficulty of resolving animosities that have existed for so long."

But Mr. Carter repeated what he has said to both Arab and Israeli leaders—that 1977 "can be propitious for peace."

During the exchange of toasts, King Hussein said his talks with President Carter had given him encouragement about the prospects for lasting Middle East peace. He said that this was his first positive public statement about the problem since his arrival in Washington.

In recent statements, King Hussein has been cautious about the prospects for a Middle East settlement and in a previously recorded television interview, Agencies

BRAZIL'S LATEST CONSTITUTIONAL CHANGES

The military digs itself in

BY DAVID WHITE IN RIO DE JANEIRO

BRAZIL'S Generals who took power 13 years ago to "cure" temporary political and economic ills, appear set for at least eight more years in office. The possibility of a civilian successor to General Ernesto Geisel, whose term expires in 1979, has faded out.

The next man, President Geisel has decided, will be there for six years instead of five, and will be spared the embarrassment of taking over with an opposition holding positions of power in the regions.

A hasty constitution repair job carried out during a fortnight's suspension of Congress earlier this month has left civilian health plan until the Government could be reasonably sure how much it would cost and could also be certain that it was not effectively having to sign a blank cheque to the medical profession.

Dictatorship

The political "reforms" which included the overruling of Congress on a judicial reform bill, have undone much of Gen. Geisel's effort to restore the credibility both at home and abroad, of Brazil's democratic institutions. The main expedient was to circumscribe elections with a new set of rules that has no obvious purpose except to help the Government's lame-duck political party, the National Renovating Alliance (ARENA).

The questions how, when or whether Brazil will return to full democracy are no more and no less certain than before. By the end of Gen. Geisel's mandate there may be more parties. Gen.

Geisel can claim to have liberalised some of the repressive aspects of his dictatorship, having freed most of the Press from censorship, put moderates into regional army commands and brought a halt to the systematic torture of political detainees. But everyone is aware that, just as Congress can be kept in low heat and removed when necessary, the worst could easily return.

Anxious to distinguish its style from that of the populist Vargas regime of the 1930s and 1940s, the Government has sought to retain democratic functions. Vargas during his dictatorial period, simply sacked Congress—once for four years and the second time for eight years. Argentina has likewise dispensed with its elective apparatus—except in Rio de Janeiro, which would have won in Rio Grande do Sul, a key security region on the Argentine and Uruguayan borders, Sao Paulo, the most populous and industrialised state, and two Amazonian states, Amazonas and Acre.

But the Congress has little power to speak of. It has splendid premises, the centre-piece of Brasilia, but its members failed to qualify for a recent inter-parliamentary union meeting in Australia because a presidential edict had suspended its functions. Nominally, the military government has reinforced its powers by having presidents voted in by the upper and lower houses and state representatives, substitute for the former general election system. But so far the only real electors for president have been the military.

Senators, who have eight-year mandates, are elected in two four-yearly slices—a third and

then two-thirds. Under General Geisel's new rules one of the two-thirds due for election next year will be taken out of the hands of the voters and transferred to electoral colleges. The same applies to all the state governments, last elected according to the rules in 1965, when it became obvious that freely-elected governors were not compatible with unselected central governments.

Shared controls

The electoral colleges are state assemblies, plus enough local councillors to give the government majorities next year—except in Rio de Janeiro, which has led to an anti-government trend in the main towns and which has the MDB in a majority on all counts. Had it been left to the assemblies, the MDB would have won in Rio Grande do Sul, a key security region on the Argentine and Uruguayan borders, Sao Paulo, the most populous and industrialised state, and two Amazonian states, Amazonas and Acre.

This would have meant allowing the Opposition an important share of control, including budget spending, over a quarter of Brazil's territory and more than a quarter of its population. Free elections might have netted a couple more States into the bargain.

But even with the new indirect elections the MDB could gain a Senate majority next year. The 16 seats it won in 1974, out of 22 being fought, are retained until 1982. Another 17 would give the MDB half the Senate.

The Government is trying to forestall another Opposition landslide by clamping down on

political campaigns. These rules were tried out in local ballots last November, the idea being that candidates can have their pictures on television but cannot say anything. Nobody has yet been able to work out whether this helps the Government or the Opposition.

Things could have been worse. Purges of politicians and the Press have been feared but have not yet materialised, in contrast to the last clampdown on Congress in 1968, when a quarter of its members were removed. Elections of some sort are still going ahead, and there is no precedent for election results in Brazil being overruled.

The President undoubtedly still commands many people's respect for his patient honesty and paternal dedication to what he considers best for Brazil. But even before meeting the stumbling block of opposition intransigence, he admitted: "We are still a long way from the objectives which I or any one of my ministers had in mind when we assumed Government."

A lot remains to be done, and I do not have the dream of accomplishing all that remains to be done.

General Geisel's vision of Brazil's political future is something of a mystery. For some time his campaign to alleviate political tensions has yielded priority to economic and social concerns.

He travels a lot round the country, initiating social projects such as a much-needed relief programme for the drought area of the northeast, and exhorting Brazilians to pull through their economic difficulties.

The country's external accounts, in dire straits since

1974, have improved in recent months, with provisional figures for the first quarter trade deficit down to \$170m. from \$964m. and currency reserves, boosted by coffee earnings to a record \$6.54bn.

But inflation is over 45 per cent and still not under control. Increases in the minimum wage have been overtaken by rising prices, and dissatisfaction has reached into the civil service and the army, given only a 30 per cent increase this year.

The middle class is feeling the pinch, students defying demonstration bans to protest against fees and the docile public often finding it hard to afford basic foodstuffs.

Special powers

Economic discontent clearly militates against Gen. Geisel's kind of political opening, which he has always said was subject to the condition of being both slow and safe. He never proposed to let go of his special powers, under the so-called Fifth Institutional Act of 1968, and has used them to remove politicians and public servants, to override Congress and to change the constitution. Some say the Government has caved in to the extreme Right, but it may also be that the latest measures were the best Gen. Geisel could do to stop right wing pressures from closing the door completely.

He still has problems to face at next year's elections, and there can be no guarantee that even the latest rules, removing Brazil's 40m. voters further than ever from the process of decision-making, will stand up for more than 18 months.

Domestic car sales revive

DETROIT, April 26.

AFTER a weak start, sales of domestically produced cars resumed their normal pattern in April, rising 3 per cent, from April 1976, to a record level.

Dealers sold 289,519 U.S.-made cars in the April 11-20 sales period, compared with 249,441 a year earlier. There was one more selling day in the mid-April period this year than last, so the percentage gain is based on a comparison of daily selling rates. These rates are obtained by dividing unit volume for each period by the number of sales days in that period.

Detroit sales analysts indicated that mid-April deliveries here in line with expectations, and they are forecasting sales for the full month at \$20,000, 1,540,000 units, a 4 per cent to 6 per cent gain on April, 1976, but well short of the April record even though the mid-April sales pace exceeded the record for the period set in 1965.

Analysts said they see no evidence in mid-April figures of a significant consumer reaction to President Jimmy Carter's energy-saving proposals.

Among other things, President Carter has proposed a federal tax-and-rebate scheme that aims to stimulate sales of economical cars and deter purchase of those getting poor petrol mileage, and

could rise sharply.

General Motors Corporation's mid-April sales rose about 6 per cent, Ford sales jumped 9 per cent, Chrysler Corporation sales fell 9 per cent, while American Motors Corporation delivery rate dropped 32 per cent.

UPI adds: President Carter's rebate programme for fuel-efficient cars could rebound against imported cars, a Volkswagen official said.

Mr. Philip A. Hutchinson, Washington representative for Volkswagen of America, told a House of Representatives Commerce Subcommittee the law requires a car to be made 75 per cent U.S. parts to be counted as a domestic car.

Under President Carter's energy plan, only a certain number of imports would qualify for fuel-saving rebates to customers. Volkswagen would like its American-assembled cars to be eligible for such rebates.

A spokesman said that Chrysler bank was served a subpoena and that the bank was studying it. He declined further comment.

Spokesmen for Chase Manhattan and Bankers Trust said that neither bank had received a subpoena.

The Securities and Exchange Commission (SEC) is conducting its own investigation into New York banks and city officials concerning the sale of city notes and bonds.

AP-DJ

NYC securities sale probe

NEW YORK, April 26.

THE State Assembly Committee on Banks has subpoenaed records of three New York City banks in an investigation of alleged dumping of city securities in late 1976 and early 1975.

The Banking Committee is probing charges that several New York banks quietly sold more than \$2bn. in city securities to the public after privately learning of the city's impending fiscal crisis.

Mr. Philip A. Hutchinson, the committee's general counsel, said that subpoenas were issued to Bankers Trust Co., a unit of Bankers Trust New York Corp., Chase Manhattan Bank, a unit of Chase Manhattan Corp., and Citibank, a unit of Citicorp. He said that a fourth bank, Morgan Guaranty Trust Co. of New York, will be given more time to comply voluntarily with the committee's request for records.

Mr. Korot said that the committee is listing from all four banks records of their purchases and sales of city securities and the minutes of strategy meetings at which decisions concerning city securities were made. He said that the subpoenas are returnable on May 12.

A spokesman said that Citibank was served a subpoena and that the bank was studying it. He declined further comment.

Spokesmen for Chase Manhattan and Bankers Trust said that neither bank had received a subpoena.

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AP-DJ

Canada gas terminal plan

MONTREAL, April 26.

CANADIAN Pacific's subsidiary, Lorneterm LNG, has said that it has applied to Canada's National Energy Board in connection with the proposed New Brunswick facility for trans-shipment of Algerian natural gas to U.S. markets.

Lorneterm's application proposes a 100-million-gallon-per-day terminal near Saint John, New Brunswick, and a vapourisation facility at the head of a southbound pipeline.

A Transcanada Pipeline unit would operate the 80-mile New Brunswick portion of the pipeline, which would join a line to be built by a subsidiary of Tenneco of Houston.

Construction of the terminal is scheduled to begin early in 1978, with four years needed for completion of the proposed 100-million-gallon-per-day facility. Lorneterm said. Cost of the terminal is estimated at \$550m.

The applicant said that it plans to submit to the National Energy Board by June 15, further information on the cost and economic financial and environmental effects of the terminal. Lorneterm is 75 per cent controlled by Canadian Pacific.

The remaining share is held by Pakbank Corp., Houston, owned by Pakbank, Rotterdam.

AP-DJ

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OVERSEAS NEWS

PNA meets to consider Bhutto offer

BY DAVID HOUSEGO, ASIA CORRESPONDENT

RAWALPINDI, April 26.

LEADERS OF the opposition Pakistan National Alliance are reported to have met today to discuss whether to open negotiations with Mr. Bhutto, the Prime Minister, to break the political deadlock that has paralysed the country since the March 7 general elections.

The unexpected new initiative follows reports that Mr. Bhutto met Mufti Mahmud, the President of the PNA, in Sialkot at the weekend. News of their talks was carried in this morning's edition of the normally well-informed Urdu paper Nawa-i-Vaqt. Their existence has not been denied by PNA sources, who have since had word from the party leadership of today's gathering in Sialkot. The talks at the weekend were the first time that Mr. Bhutto has met an opposition leader since the election.

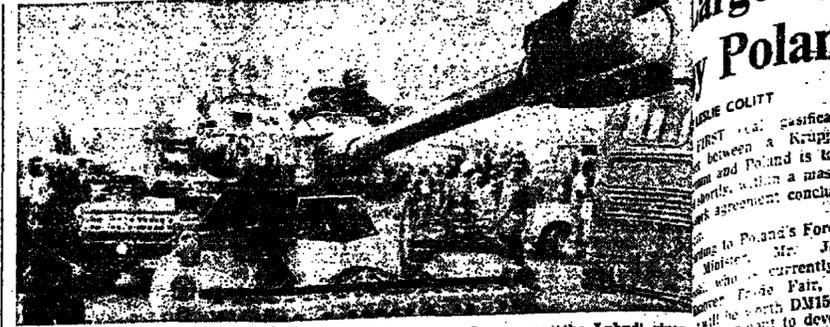
There is still much scepticism here, however, as to whether this unforeseen reversal of events amounts to a breakthrough. It is clearly in Mr. Bhutto's interest to demonstrate to public opinion and the military above all that he is sparing no effort to find a political solution. Equally, intermediaries have come forward, like Mr. Mazhar Ali Khan, the publisher of the weekly Viewpoint and father of Tariq Ali, who back Mr. Bhutto's initiative as at least preferable to the more horrifying prospect of army rule that now stares the country in the face.

On the other hand the PNA may consider they now have Mr. Bhutto on the run, and that if they keep up the pressure he will be overthrown as President Ayub Khan was ousted by street agitation in 1969. Deadlock probably works in their favour. The cost of this strategy, however, would be months of sterile confrontation, economic chaos and military rule from which the army might find it difficult to escape even if it so wished. Some PNA leaders may think this too heavy a price to pay.

Australian uranium inquiry report soon

By Kenneth Randall

CANBERRA, April 26. THE AUSTRALIAN Government expects to receive the long-awaited final report of its environmental inquiry into uranium development next week. Government sources confirmed to-night that the cabinet would be considering the basic issues raised by the report before the Prime Minister, Mr. Malcolm Fraser, leaves for visits to Europe and North America at the end of May.



Zairean troops ride in apparently new, French-built, armoured cars near the Labudi river in the south-eastern Shaba province, en route to Mushasha, a town which was reported to have been abandoned by rebels as the troops approached.

Nigeria to resume peace talks on Zaire invasion

BY STEWART DALRYMPLE KINSHASA, April 26.

JOINT ZAIRE Government and Moroccan forces to-day consolidated their hold on the strategic railway town of Mushasha, captured yesterday from the Katangan insurgent forces. At the same time it was learnt that Brig. Joseph Garba, the Nigerian Foreign Minister, is to arrive later today for talks with President Mobutu.

According to Mr. Edward Enahoro, the Nigerian Ambassador in Kinshasa, Brig. Garba visited this month visited both the Zairean and Angolan capitals in an effort to mediate between the two countries—will fly directly to Lumbumbashi, the Shaba capital, to meet President Mobutu. The President has been in the copper-rich province since the week-end, where he has been supervising the so-called decisive offensive against the insurgent force which entered Zaire from Angola on March 23. According to African diplomats here, Brig. Garba's aim is primarily to achieve reconciliation between Zaire and Angola.



Gromyko seems pleased with Delhi meeting

By Our Own Correspondent

NEW DELHI, April 26. AFTER meeting the Indian Prime Minister for two hours today, the Soviet Foreign Minister, Mr. Andrei Gromyko, said he felt sure that both countries could look with confidence on the future of Indo-Soviet relations. Describing his talks with Premier Morarji Desai as "very interesting and very useful", Mr. Gromyko said that he would not be mistaken if he said that the two spoke not only of the need to preserve the present level of relations but also the need to raise it.

Ganges water agreement near

BY K. K. SHARMA IN NEW DELHI AND DAUD KHAN MAJLIS IN DACCA

INDIAN AND Bangladeshi officials are expected to meet in New Delhi on May 4 to work out details of a formal agreement on sharing the waters of the Ganges, following last week's achievement of an "understanding" in the 27-year-old dispute. Next month's meeting has as its basis the talks last week between the Indian Defence Minister, Mr. Jagjivan Ram, and Deputy Chief Martial Law Administrator, Rear Admiral M. H. Khan, concerning the amount of water India is to release below the Farakka Dam for Bangladesh during the dry season. Despite official caution, a breakthrough is indicated in the dispute.

Cease-fire in west Beirut

By Hassan Hajar

BEIRUT, April 26. THREE DAYS of fighting in west Beirut between Syrian troops and Palestinian guerrillas, backed by their Left-wing Lebanese supporters, ended today following the overnight arrangement of a ceasefire. A buffer zone was set up between Syrian troops of the Arab League peace-keeping force and Palestinian commandos outside two Palestinian camps, Sabra and Chatila, on the outskirts of the city.

Perez and Saudis discuss ways to end OPEC rift

RIYADH, April 26. SAUDI contacts on Saudi Arabia to-day described his second round of talks with the visiting Venezuelan President Sr. Carlos Andres Perez, as "useful and constructive".

Mr. Perez arrived on Monday on the third leg of his tour of five OPEC countries in the Middle East. Oil Ministers Ahmed Zaki Yamani of Saudi Arabia and Valentin Hernandez Acosta of Venezuela, held an unpublished meeting on Monday evening during which they were believed to have discussed the two-tier oil price system. Saudi Foreign Minister Prince Saud al-Faisal said today: "King Khalid has been in close contact with Crown Prince Fahd to ensure the talks would reflect Saudi Arabia's desire to establish strong and mutually beneficial relations between the UPI and Venezuela."

Owen in talks with Sadat

CAIRO, April 26. PRESIDENT Anwar Sadat of Egypt and British Foreign Secretary David Owen started formal talks today on the Middle East crisis and the possible support by the European Economic Community in moves towards a reconvening of the Geneva peace conference.

The Egyptian leader is expected to reach British support second stage of his four-day visit to Egypt and Syria. Dr. Owen was due to leave for Damascus later today on the participation of the Egyptian and Syrian. Palestine Liberation Organisation. Reuters

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Group results	1976	1975	1974
Turnover	£8,501,000	5,481,000	4,852,000
Profit before tax	£758,591	£703,218	£501,086
Available to ordinary shareholders	£405,162	£450,283	£278,145
Earnings per share	6.11p	7.25p	4.86p
Dividend per share	1.7225p	0.798p	0.748p

Copies of the Annual Report and Accounts are available from The Secretary, Joseph Shakespear & Co. Ltd., Post Box 23, Cox's Lane, Old Hill, Warley, West Midlands, B64 5NX.

Vertical text on the right edge of the page, including 'The Financial Times', 'largest e', 'Poland', 'Colitt', 'Poland's Foreign', 'Mr. Jera', 'currently a', 'DM150m', 'develop', 'operation of', 'region', 'place her', 'between', 'members of', 'plant', 'pri', 'dow', 'which', 'local-min', 'to be', 'single We', 'Poland, an', 'of a', 'KRUPP an', 'audi ste', 'India and C', 'restore tr', 'SHARMA', 'between India', 'which was sus', 'ago after burd', 'is expected to', 'by the end of', 'Small contacts', 'were followed', 'last week by', 'Minister', 'with', 'representative', 'encouraging', 'reach a settle', 'late in May', 'this solution', 'crystallise', 'but it is thoug', 'at the forthc', 'OPEC coun', 'ference in St', 'July', 'Mr. Perez to', 'in Caracas', 'before leav', 'the Middle', 'East', 'He denied he', 'carrying any', 'specific prop', 'or that he', 'sided with', 'one OPEC', 'rather than', 'the other', 'but', 'tend to agre', 'more or less', 'with', 'Saudi Arabia', 'and the Unit', 'Arab Emirat', 'said', 'The two Arab', 'countries bro', 'with the oth', '11 members', 'OPEC last D', 'and raise', '500 in dema', 'both a', 'their oil pr', '5 per cent', 'for accumula', 'the whole of', '1977. The o', 'states decid', 'on a 15 per', 'cent rise in', 'two stages', 'this year', 'Having visit', 'Qatar, Kuwait', 'and Saudi A', 'Sr. Perez wi', 'make similar', 'steps in Iraq', 'and Iran be', 'fore returni', 'home', 'UPI

WORLD TRADE NEWS

Largest ever deal by Poland, Germany

BY LESLIE COLITT HANOVER, April 26 THE FIRST coal gasification contract between a Krupp-led consortium and Poland is to be signed shortly, within a massive framework agreement concluded last year. According to Poland's Foreign Trade Minister, Mr. Jerzy Olsewski, who is currently at Hanover Trade Fair, the contract will be worth DM150m, and is for equipment to develop a large coal-mining operation in Poland's Upper Silesia region. Talks have taken place here on financing the project between Mr. Olsewski and members of Krupp's Board of directors. The West Germans are to build coal gasification plants using the Krupp-Koppers process, as well as a series of downstream chemical plants which, together with the coal-mining equipment, is estimated to be worth a total of DM2.5bn. It is the largest single West German deal with Poland, and comes on the heels of an announcement that Krupp and Koppers are to erect plants in the Soviet Union. In the Polish coal gasification project, the ammonia and urea derived from the synthetic gas are to be used in the production of chemical fertilisers, while methanol is to be separated for use in improving the octane grade of petrol. A joint West German-Polish company is to buy back these products for sale in the West, in order that the Poles can repay a DM600m loan for the project by a consortium of West German banks, headed by the Dresdner Bank. A DM25m supplier credit has been backed by a Hermes export credit guarantee. West German-Polish trade last year rose to a record DM5.1bn, with West German exports DML1.3bn, in excess of imports. There was a 33.7 per cent rise in Polish exports to West Germany, ending the 1975 trade gap by DM477m. West Germany is the second largest exporter to Poland after the Soviet Union, with East Germany in third place.

Saudi steel pact

BOONN, April 26. SAUDI Arabia has signed an agreement with West Germany for the construction of a mixed direct reduction iron ore plant at Al-Jubail in eastern Saudi Arabia, the Saudi Industry Minister, Mr. Ghazi Abdulrahman al-Ghoshbi told a press conference at the end of a visit to West Germany. Mr. Willy Korf, chairman of Korf-Stahl, said the full value of the deal will be known in about six months, but it is likely to range between \$100m and \$300m. The minister signed the agreement in his capacity as chairman of the Saudi Arabia State-owned Basic Industries Corporation (SABIC), which will be the majority partner in the joint venture. The project will initially produce 500,000 tonnes of direct reduced iron a year, mainly for local use in Saudi steel-making facilities. SABIC said in a statement any surplus produced in the plant's first years of operation will be exported. The direct reduction facilities will be expanded according to local and world market requirements, it added. SABIC has an initial capital of some \$3bn, and plans to sell part of its shares in the private Saudi economy over the next seven years. Reuter

India and China expected to restore trade links

BY K. K. SHARMA NEW DELHI, April 26. TRADE between India and China, which was suspended 15 years ago after border war in 1962, is expected to be resumed by the end of this year. Diplomatic contacts on the lines followed by India at Bangkok last week by the Commerce Minister, Mr. Mohan Dharia, with the Chinese representative and are said to be "encouraging". At present, the Indian Government has banned trade with China but it is thought that a notification lifting this will be issued as soon as prospects of commercial relations become firmer. For the first time, Indian representatives of Government organisations like the State Trading Corporation have been allowed to visit the famous trade fair to study goods and equipment that China can offer. They are expected to submit a report to the Government on their visit after which further talks will be held.

Steel industry looks abroad for investment

BY OUR OWN CORRESPONDENT NEW DELHI, April 26. INDIA'S Steel Ministry has started fresh exercises on establishment of new plants in spite of rising steel inventories owing to the slump in demand both at home and abroad. Present accumulated stocks are worth rupees 500m, (over £35m) despite exports of 2.5m tonnes in the financial year ended March 31. Steel production reached a record 10m tonnes in 1976-77 and this year additional capacity will be created by expansion of production of iron ore pellets from Kudremukh will be shipped to Iran for 20 years at the lifting of the excess production are extremely dim despite orders from Middle East countries. The exercises now being made will take into account the fact that India's reserves of non-coking coal will be used up within 40 years if the present production capacity remains or are within 20 years of the next decade as originally planned. Depending on projections of demand for Indian steel both at home and abroad, it is possible that plans for import of non-coking coal on a long-term basis will be made. The steel ministry is now thinking in terms of new iron ore pelletisation plants geared strictly for export to countries willing to finance the projects on the pattern of the kind-remunh project in Karnataka state for which Iran has given a credit of \$650m. The entire production of iron ore pellets from Kudremukh will be shipped to Iran for 20 years at the rate of 7.5m tonnes annually. The ministry is to scout around the world for similar clients for such projects which will mean value-added gains, promote employment and add to the country's industrial capacity. At present, India's high iron ore reserves are exported as raw materials, mainly to Japan for which the Vishakhapatnam outer harbour has been improved at a cost of R1bn.

Japan ship orders decline

BY CHARLES SMITH TOKYO, April 26. JAPAN won orders for 6.2m gross tons of ships in fiscal year 1976 (ending last month) the Japanese Ship Exporters' Association revealed today. In doing so, it easily surpasses its original 5m-ton target for the year, but current orders are being hit by higher prices. The total value of the orders was ¥1,293bn, (about \$4.7bn), and the number of ships involved 481. The orders included one VLCC tanker, an order for which was placed last month with Mitsui Shipbuilding by a Norwegian owner. A spokesman for the Ship Exporters' Association said today, however, that the Norwegian order resulted from a "special situation" and no other orders for big tankers were expected in the near future. It was Japan's first VLCC order since 1975. The relatively high level of orders for 1976 was put down today to a bottoming out of prices last summer which convinced shipowners that they might have to pay more for their ships if they waited. Greek owners were said to have been particularly active in ordering dry cargo vessels. There was also some revival in smaller tanker orders resulting from a recovery in the volume of world oil transport. The shipbuilding industry has not yet set a target for 1977 export orders and may not set one at all "for political reasons". In the meantime, however, shipbuilders say they are beginning to feel the effects of the 5 per cent price increase agreed by Japan at talks with the EEC early in the year coupled with the 8 per cent revaluation in the yen which has occurred since the end of 1976. The combined effect, a rise of 13 per cent, or so in Japan's ship export prices over a few months has resulted in cancellations and loss of orders which the shipbuilders claim are going to hurt them badly.

Soviet trade contacts with Israel

TEL AVIV, April 26. ONE of the Soviet Union's biggest trade organisations is seeking contacts with Israeli companies for the first time since the Kremlin broke off diplomatic relations in the 1967 Arab-Israeli war, a business source said here. The director of the Tel Aviv Chamber of Commerce, Mr. Zvi Amit, said the organisation had received a letter from the Paris office of Intur, a big Soviet export company, seeking buyers for paper, newsprint, printing presses and ink, and other goods. Though it was not stated, Mr. Amit said he believed all the goods offered would be Soviet-made. Reuter

French wine gets boost

BY KENNETH GOODING FRENCH producers are to spend nearly £250,000 over the next year promoting their wines in the U.K. The two campaigns will concentrate on quality wines—the Appellation Controlée (A.C.) and the Vins Délimités de Qualité Supérieure (V.D.Q.S.) varieties. Generic campaigns for French wines have been steadily built up since 1974 by Fond From France, the French Government sponsored organisation for the promotion of food, wine and agricultural products. But the multiple growers, which now account for around 30 per cent of U.K. wine sales, are noticeable; absent from the list of supporters for the two campaigns because they are still which just over half was mainly interested in the cheaper end of the wine market. quality wines. This still left the U.K. as France's fifth most important customer for wine after West Germany, Belgium, Switzerland and the U.S. This has encouraged the producers to make a record sum of cash available for the 1977 campaign. Eleven of the major U.K. specialist wine retailing groups have already agreed to take part in the promotional efforts. Between them they have nearly 3,000 retail outlets. But the multiple growers, which now account for around 30 per cent of U.K. wine sales, are noticeable; absent from the list of supporters for the two campaigns because they are still which just over half was mainly interested in the cheaper end of the wine market.

£11m. loan for diesel engines

The Exports Credits Guarantee Department has guaranteed a loan of £11m which Williams and Glyn's Bank has made available to Diesel Nacional S.A., Mexico. The loan will help finance a £13m contract for diesel engines and engine kits which Cummins Engine Company will supply during 1977 from their Darlington factory. This is the second ECGD buyer credit to finance diesel engines supplied by Cummins to this buyer—the first covered 1976 supplies.

Spanish car output boosted by Fiesta

BY TERRY DODSWORTH BARCELONA, April 26. CAR PRODUCTION in Spain is expected to break through the 1m. units barrier this year for the first time. This is the confident prediction of manufacturers at the Barcelona Motor Show, following Ford's decision to bring forward its expansion programme for the Spanish-produced Fiesta model by several months. Ford's plant at Almusafes near Valencia, went into production last autumn. The original intention was to increase output with a second shift towards the end of this year, but following a strike and wages settlement a few weeks ago, Ford pulled this programme forward. Production on the first shift has now reached its full capacity at 530 units a day, and the second shift is building almost 330 cars a day. This means that Ford should make about 200,000 cars this year, virtually all of this total being mercurian to Spain's entire production last year of almost 800,000 units. As Ford's output builds up, it will also have a considerable impact on Spain's car exports. The company is tied to an agreement to limit its sales in Spain to only 10 per cent of the previous year's total market—meaning that it can only sell 60,000 cars this year. The balance therefore has to go into exports, which have been on a rising curve even before this year, as SEAT and the other Spanish manufacturers put more effort into this field. Last year exports rose to 180,000 units, against 164,000 in the boom year of 1975. Total production of tractors and farm machines was worth £1.1bn, an increase in value of £226m. "But the increase in real terms was only 2 per cent—not enough to expand our share of world trade, which must be our aim," Mr. Aitken said. And figures for the first three months of this year show that, while exports have increased by 2 per cent, to £215.7m, imports have increased by 84 per cent, to £84.5m. The favourable balance of trade has dropped by 18 per cent, from £121.2m to £131.2m, compared with the year before.

Farm machinery exports

Exports of farm machinery and tractors last year fell in volume terms, Mr. Robert Aitken, newly-elected president of the Agricultural Engineers' Association, said in London today. In money terms, exports last year soared to an impressive £769m, he said—a 23 per cent increase in value, but a 2 per cent decrease in volume. After allowing for imports, the industry again showed a favourable trade balance of £325m. This was an increase in value of 19 per cent, but a reduction in volume of 8 per cent, compared with the year before.

Look what you gain when you travel by train

Advertisement for Inter-City train services. It features several images: a handshake, a train, a person eating, and a car. Text includes: 'A chance to do better business face to face.', 'Faster travel.', 'Greater comfort.', 'The opportunity to work while you travel.', 'A hot meal, a drink or a snack on most trains.', 'A car at the other end (at over 60 stations).'

Advertisement for Inter-City train services. It features an image of a person reading a newspaper. Text includes: 'More relaxation.', 'When you travel by Inter-City, you can forget about your problems. You won't hit any traffic on the way. You get time to have a meal, catch up with work and relax in real comfort (in fact, more than 50% of Inter-City trains are now air-conditioned). It all adds up to one thing: travelling Inter-City makes good sense. And good sense makes good business. So go Inter-City soon.'

Advertisement for Inter-City train services. It features two line graphs comparing heartbeats on a motorway and on an inter-city train. Text includes: 'A medical research team from Leeds University has monitored the heartbeats of 24 businessmen—measuring the stresses and strains imposed by travel, comparing driving a car and travelling by train.', 'Motorway: Leeds to London.', 'Inter-City: Leeds to London.', 'Motorway incidents (rain, fog, overtaking) set heartbeats racing. Heartbeat peaks ranged from 110 to 140 beats per minute. Overall average: 93 beats.', 'During this fast two-hundred-mile journey, heartbeat rates stayed low, around 70 beats per minute, rising to a maximum of 80. Average: 72 beats.', 'Inter-City makes the going easy'

Advertisement for Edinburgh Industrial Holdings Limited. Text includes: 'EDINBURGH INDUSTRIAL HOLDINGS LIMITED', 'INFORMATION TO SHAREHOLDERS', 'Further to the Extraordinary General Meeting held on the 7th April, 1977, when the resolution proposed by your Board to increase the share capital of the company by 2,500,000 Ordinary shares of 12½p each and to place these shares at 12½p with clients of A. J. Bekhor & Company Limited was passed, we would confirm that after taking into account the views of the minority shareholders, the Meeting also passed a Resolution which reads as follows: "The shareholders of Edinburgh Industrial Holdings Limited should be offered shares in a share placement at the offer price of 12½pence." The Board has decided, after advice from its brokers, A. J. Bekhor & Company Limited, that an open offer to shareholders will be made of 800,000 Ordinary shares of 12½p each at the original placing price of 12½p. The offer will be made to all the shareholders that are on the register of shareholders as at the date of the Annual General Meeting, with the exception of the places from the original share placement. Excess applications that may be received over and above the figure of 800,000 shares will be scaled down, if applications are received for less than 800,000 shares the balance of the shares will not be issued as the offer will not be underwritten. At the Meeting it was understood that a proviso would be stipulated stating that these new shares could not be sold for a period of at least eighteen months, however, your Board has decided, in conjunction with their brokers that this new offer will not have any restrictions whatsoever and that the shares will, on issue, rank pari passu with existing shares in all respects. Your Board has further decided that this offer should be, and is, subject to the approval of the shareholders of Edinburgh Industrial Holdings Limited (but excluding the places from the original share placement). The directors will abstain from voting on this issue. It is not intended to issue any further details of this placing until the accounts for the year ended 31st October, 1976, have been finalised. It is expected that these accounts will be issued during the month of June. Executive Board of Edinburgh Industrial Holdings Limited, 71, Duke Street, London W1M 6DB. 25 April 1977

HOME NEWS

Rodgers backs £57m. rail investment

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

MR. WILLIAM RODGERS, Transport Secretary, yesterday dealt with accusations that the Government was starting the railways of cash by announcing his backing for a £57m. investment in new stock for Southern and Western Region services.

Although the announcement is only statutory confirmation for projects already written into British Rail's frozen £235m.-a-year investment budget, its release at a meeting with the unions and the railways Board yesterday, was nothing if not timely.

It comes as an indication that the railways do not have too much to fear from next month's Transport White Paper, even though it is unlikely that union demands for an immediate extra £25m. a year in investment will be met in the policy statement.

The investment authorised for Western Region will provide 14 high-speed trains for the London-West Country routes by early 1980.

This will cut half an hour off the London Plymouth journey, making it 3 hours 12 minutes, and 50 minutes off London Penzance. There will be a basic service (outside holiday peaks) of 19 trains a day, of which 16 will be 125 m.p.h. trains.

This will be the third stage of the high speed programme after the train's introduction on Western Region and their forthcoming launch on the East Coast main line later this year.

The final stage of the programme, not yet authorised, is for high-speed services between Northern England and South Wales, the West Country and the South Coast.

The second part of the investment announced by Mr. Rodgers yesterday is for £33m. to build 250 electric multiple units for Southern Region.

These will be automatic-door models, suitable for one-man operation, although no agreement with the unions on one-man operated trains on Southern Region has yet been reached.

British Rail's intention, given Government support, is to replace its entire inner suburban Southern Region fleet of 600 coaches with this type of vehicle,

High-speed trains for Eastern Region

FINANCIAL TIMES REPORTER

BRITISH RAIL is hoping for a 30 per cent. increase in passenger traffic on the East Coast main line between King's Cross, in London, and Edinburgh, after the introduction of the 125 m.p.h. high-speed train on the route towards the end of this year.

High-speed services are already operating on the Western Region main line between Paddington and Cardiff and Bristol, whose passengers have increased by 15 per cent. since last autumn.

On the Eastern Region, the first of the 32 units authorised (out of 42 sought by the region's chiefs) is due for delivery in June.

A new timetable will come into operation in May next year, with the units being phased in on existing services as they are commissioned.

The full service will be running by early 1979. It will involve an investment of £50m. in the 32 train sets, £15m. on new track and signalling, and £7.1m. on depots and works which will be in operation.

The journey between London and Edinburgh will be down to 4½ hours, an hour faster than the quickest to-day, with Aberdeen reached in just 7 hours 30 minutes from Kings Cross in

stead of the present 9 hours 7 minutes.

There will also be more frequent services, with improvements on other lines as modern rolling-stock displaced by the high speed sets are brought into use.

The 30 per cent. rise in passenger traffic is expected in the three years after the service is operational, possibly helped by special fare packages.

A "new look at pricing" on the Edinburgh route (a first-class return now costs £44) is now being undertaken, said Mr. Bert Gemmill, chief passenger manager of the Eastern Region.

He was speaking in Peterborough yesterday after the first passenger-carrying run of a high-speed unit from Kings Cross, using a train borrowed from the Western Region.

In another investment programme approved yesterday the Scottish Region will spend £12.8m. on the two remaining stages of the Edinburgh and East of Scotland improvement and regional scheme.

The Flying Scotsman will travel between London and Edinburgh in a record 5 hours 27 minutes—an average speed of 72 m.p.h.—16 minutes quicker than at present.



Fifty-five minutes after leaving Kings Cross yesterday, this high-speed train was in Peterborough, 76 miles away, having touched 127 mph just north of Hitchin. It was the first time that the Eastern Region had shown off the train to passengers, specially invited for the occasion, and the unit had to be borrowed from the Western region. Eastern Region will have its own first high-speed train by June, and by the end of the year will begin introducing the 32 units it has ordered on the East Coast main line to Edinburgh and eventually further.

Singapore Slater bid fails

THE SINGAPORE Government failed in a renewed attempt yesterday to have Mr. Jim Slater, former head of Slater Walker Securities, extradited on four charges relating to the affairs of Haw Par Brothers International.

Three High Court judges refused leave to seek an order quashing the refusal of Metropolitan Chief Magistrate, Mr. Kenneth Barracough, to order Mr. Slater's extradition under the 1967 Fugitive Offenders Act.

The Singapore Government was also refused leave to apply for an order requiring Mr. Barracough to rehear the extradition move.

Lord Justice Shaw, sitting in the Queen's Bench Divisional Court with Mr. Justice Field and Mr. Justice Stocker, said that the court would give its reasons at a later date.

Mr. John Matthew, QC, for Mr. Slater, had submitted that the Singapore Government's applications were "totally misconceived." There was no error of law disclosed in Mr. Barracough's judgment on January 26.

Mr. Ronald Waterhouse, QC, for Singapore, had contended that the chief magistrate mistakenly applied British law instead of Singapore law in deciding whether or not to order extradition.

Overseas visitors boom gives U.K. £630m. tourism surplus

BY ARTHUR SANDLES

THE FLOOD of foreign visitors to Britain last year, taken together with a sharp fall in holidaymaking by the British themselves, has produced new records in the U.K. tourist business.

More than 10m. foreigners came to the U.K. last year, a rush of business which produced a £630m. surplus on the travel account. This compares with 9m. visitors and a surplus of £388m. in 1975.

But the British took 3.25m. fewer holidays at home and abroad than in 1975—7.25m. going overseas compared with 8m. a year before.

Spending by foreigners coming to the U.K. increased by 46 per cent. with the total going up to £2.1bn., making tourism one of the most important of Britain's export industries. Only four manufacturing industries are likely to produce higher figures for 1978.

The result has come at a time when a survey of the richest group of visitors, the Arabs and Iranians, indicates that they spent an average of £1,300 each during their stay.

The survey, by the British Tourist Authority, only included Middle Eastern visitors staying in hotels and rented apartments—and so probably missed the low-spending students and family visitors—but it is an indication of the expenditure by this section of the market.

The survey also suggested that Britain may be grossly under-estimating her earnings in some fields of tourism. The association figures for Middle Eastern spending in 1976 are nearly four times the official Government figures for 1975, but the association insists that its findings are accurate.

"We interviewed them at length and in their own lan-

Ulster faces strike threat

Financial Times Reporter

AS TOP-LEVEL moves were made in Ulster yesterday to avert a workers' strike, Mr. Ben Connors, Minister of State at the Northern Ireland Office, spoke of the "serious possibility" of another stoppage which would hit the province's economy.

Militant Loyalist leaders have avoided saying that a strike similar to the workers' stoppage of 1974—is definitely off—instead parliamentarily seeking to pay for dropping broad-based politicians have issued an ultimatum to the Government.

The Ulsterist Action Council led by the Rev. Ian Paisley and Mr. Ernest Bain, said they had issued an advertisement for Mr. Mason, the Ulster Secretary, to seven days to start an offensive against the IRA and to demand demands for major reforms.

If Mr. Mason did not react to the Ulsterist Action Council's own action, Mr. Paisley said, "You will have to wait and see what we will do."

The Loyalist posture was seen as a bluff, but the threat of a strike is clearly being taken seriously by the Government.

Condemnation

Mr. Harry West, leader of the more moderate Ulster Unionist Party, yesterday issued an emergency message at Shankill with Mr. Paisley's spokesman.

Afterwards, he came out firmly against any strike. He said it would be detrimental to the economy and impose hardships on Loyalists themselves.

Mr. Mason is also due to meet Mr. Paisley today. The Ulsterist spokesman, who yesterday said that he entirely supported the Secretary of State's condemnation of possible strike action to force the Government to tighten security.

Mr. Gerry Fitt, leader of the Social Democratic and Labour Party, asked Mr. Mason to seek the full backing of Parliament to oppose any stoppage.

Mr. Connors, who is the Minister in charge of industry, indicated that the move being threatened would have very serious effects on the attempts to attract investment and badly needed jobs.

The unemployment figures for the province underlines his warning. The number out of work this month rose by 1,200 to 56,000, the highest April total since 1949.

Power workers in the province who hold the key to any shut-down of industry, were said to be showing little support for a strike. Past experience has shown, however, that industrialisation of workers could have wide-spread effects.

Letterewe Estate may fetch £1½m.

BY JAMES McDONALD

THE LETTEREWE Estate—a 4½-square-mile Scottish deer forest on the shores of Loch Maree, Wester Ross—owned by Colonel W. Whitebread, the brewer and horse racing enthusiast—is for sale. The agents, Bell-gram of Edinburgh, expect to realise over £800,000 for it.

Bell-gram said last night that there would be no auction. "We are asking for offers."

The property covers moorland, lochs and mountains. The Letterewe deer forest, it is claimed, forms a major part of the Scottish deer forests. In an average year, about 50 stags are shot. The estate also offers sea-trout and salmon fishing.

Bell-gram says it has received inquiries from all parts of the world, including North America, Japan and the Middle East, with most enquiries from the Continent and Britain. The possibility of a syndicate purchase is not excluded.

Air passenger traffic up 14%

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

PASSENGER TRAFFIC at last March amounted to 157m. airports run by the British Airways Authority rose by 14 per cent. last month, compared with March last year, to a total of nearly 26m.

After the substantial increases recorded in previous months, last month's figure shows that the recession in air transport is over, and that passenger traffic can be expected to rise substantially.

The authority is preparing for an even bigger growth during the summer, with many visitors to Britain as a result of the Silver Jubilee.

Passenger traffic at Heathrow was accompanied by much smaller growth in aircraft movements—only 2.2 per cent. at South-East airports as a whole, with Heathrow recording a slight decline of 0.6 per cent.

This reflects the increasing use of the bigger, wide-bodied aircraft, such as Boeing 747s, Lockheed TriStars, and McDonnell Douglas DC-10s.

Cargo also showed an improvement last month, with total growth at all seven airports of more than 15 per cent. to 55,500 tonnes. The March total increased by 11.1 per cent. to 39,700 tonnes.

Oil progress faster than expected

BY RAY DAFTER, ENERGY CORRESPONDENT

OIL PRODUCTION from the North Sea is progressing more speedily than expected, with a recession in oil transport is over, and that passenger traffic can be expected to rise substantially.

The report shows that the country is still on target to become self-sufficient in energy by 1980, although forecast production in that year has been downgraded in view of delays in bringing new oilfields on stream.

The reduction in 1980 estimates, from a 95m.-115m. range to 90m.-110m. tons, is recognition of the longer term time which oil companies are taking to appraise new discoveries.

The Government revenue from oil and gas production up to the end of 1980 is expected to be about £5.5bn. at 1976 prices. This money will be drawn from emeralds from the Government's royalties, petroleum revenue tax and Corporation Tax.

The net benefit of domestically produced oil and gas to the balance of payments current account last year was about £2bn. By the end of the decade the balance of payments benefit could be equivalent to about 5 per cent. of the gross national product.

In 1980 the State-owned British National Oil Corporation should have gained access to between 35m. and 40m. tons of oil a year, thanks to its equity interests, participation arrangements and royalties.

The Energy Department is still hazy about how much oil will be produced annually in the 1980s. Output is expected to be 100m. to 150m. tonnes, although much will depend on how quickly oil companies develop discoveries which have not yet been declared commercial prospects.

Development did not start on any new field last year. Work is expected to start on several in the next eight months. The Conoco/BNOC/Gulf group's Marchion Field, Mesa's discovery on block 11/30, and British Petroleum's Magnus Field are among those which should be developed soon. Several fields are in stream. Two more—Thistle and Claymore—are expected to start producing this year, followed by the five remaining commercial discoveries in 1978 and 1979.

The possible total of reserves from fields under production or under development has risen from £1.17bn. tons last year to 1.26bn. tons. Estimates for other significant discoveries not yet fully appraised have been raised by 120m. tons to 1.24bn. tons.

This means recoverable reserves thought to lie in present discoveries are about 2.5bn. tons, an increase of 210m. tons on last year's estimate.

The Government is sticking to its forecast that between 35m. and 4.5bn. tons of recoverable oil could lie under the U.K. Continental Shelf.

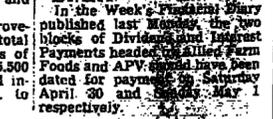
The fact that more oil has been found than remains to be discovered is one of the main factors behind the slowdown in exploration activity. Last year 58 exploration wells were sunk compared with 79 in 1976 and 67 in 1975. They maintained a success rate of about one discovery in five holes with an exceptional one find in every two holes east of Shetland.

The report also notes that the fall in exploration and appraisal activity was more than offset by an increase in development drilling. Last year there were 12 oil and two gas discoveries, bringing the number of fields since exploration started in 1964 to 73 (45 of oil and 28 of gas and gas condensate).

The success of offshore gas activities has largely been overshadowed by the oil venture in recent years, but by the end of this year North-Sea natural gas should be meeting all of the U.K.'s requirement. Last year 39.4bn. cubic metres of natural gas was sold to the British Gas Corporation. By this autumn new supplies from the U.K./Norwegian Frigg Field should start to build up to an additional 1.6bn. cubic metres annually.

Reserves under contract to British gas should support an annual production rate of 170m. cubic metres a day by the 1980s. Remaining proven gas reserves

ENERGY SOURCES



are put at 800bn. cubic metres compared with 815bn. cubic metres a year ago. Total possible gas reserves are put at 1,443bn. cubic metres.

But the Brown Book adds that a good deal of natural gas is being wasted. This gas is being flared with old fields rather than being trapped in gas fields. In 1976 only 12 per cent. of the 860m. cubic metres of associated gas was used commercially (either sold or used for power at the fields). The rest was flared into the atmosphere.

The report accepts that gas flaring is likely in the early stages of oil production. The installation of offshore compression equipment and gas-driven utilities or a gas gathering pipeline (now being evaluated by Government) would reduce the wastage.

Between 1953 and 1976 capital investment on offshore oil and gas was about £5bn. with a further £2bn. remaining to be spent. An additional £3bn. may be spent on new developments up to 1980.

Regular offshore employment has risen to about 9,200—an increase of 90 per cent. on the 1976 estimate. About 100,000 employees in the U.K. are involved in work associated with offshore development. Between 66,000 and 63,000 of these are based in Scotland.

Development of the Oil and Gas Resources of the U.K. 1977—A Report to Parliament by the Secretary of State for Energy. S9. 12.23.

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Ulster faces strike threat

Financial Times Report

TOP-LEVEL Ulster unionists have warned that a strike could be called if the Government's proposed 'Ulster Security' Bill is passed. The Bill, which would give the Government powers to suspend the normal laws of the province in the event of a serious emergency, is expected to be introduced in the House of Commons next week.

The Ulster Unionist Council (UUC) has expressed its concern that the Bill would allow the Government to impose martial law in the province. The UUC's General Secretary, Mr. James Nesbitt, said that the Bill would be a 'major step towards the abolition of the Ulster Constitution'.

The UUC has also expressed its concern that the Bill would allow the Government to suspend the normal laws of the province in the event of a serious emergency. The UUC's General Secretary, Mr. James Nesbitt, said that the Bill would be a 'major step towards the abolition of the Ulster Constitution'.

Condemnation

Mr. Henry West, the leader of the moderate UUC, has condemned the Bill. He said that the Bill would be a 'major step towards the abolition of the Ulster Constitution'.

Mr. West said that the Bill would allow the Government to suspend the normal laws of the province in the event of a serious emergency. He said that the Bill would be a 'major step towards the abolition of the Ulster Constitution'.

WEEK'S FINANCIAL DIARY

Monday, the 26th: The FTSE 100 closed at 1,200. The pound fell to 1.95 against the dollar.

Tuesday, the 27th: The FTSE 100 closed at 1,210. The pound fell to 1.96 against the dollar.

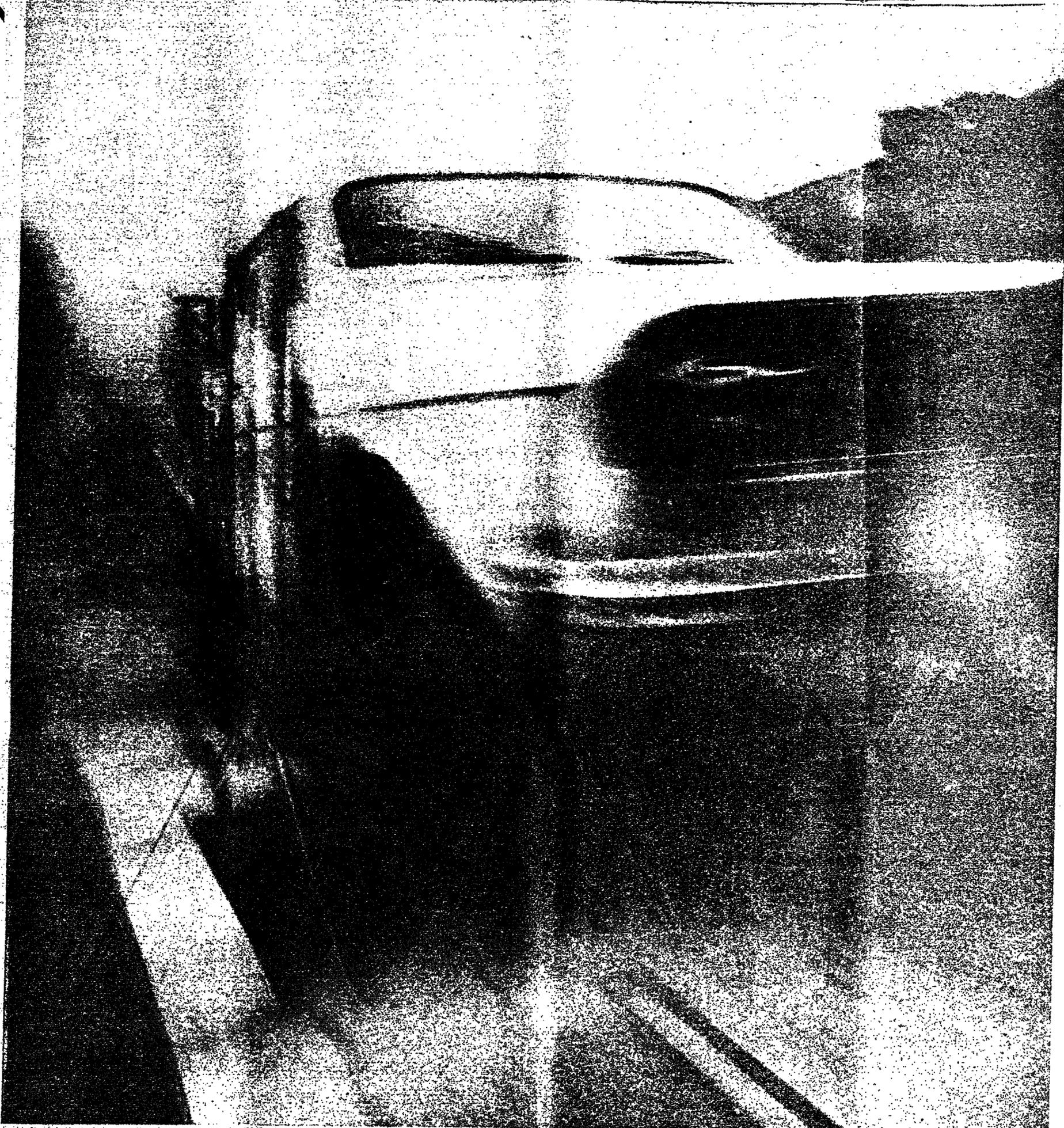
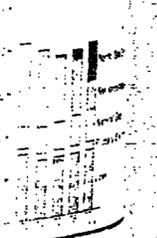
Wednesday, the 28th: The FTSE 100 closed at 1,220. The pound fell to 1.97 against the dollar.

Thursday, the 29th: The FTSE 100 closed at 1,230. The pound fell to 1.98 against the dollar.

Friday, the 30th: The FTSE 100 closed at 1,240. The pound fell to 1.99 against the dollar.

Expected

ENERGY SOURCE



Photograph: Gus Wylie

Going nowhere fast.

This car is doing 70 or so, but it'll never get anywhere. What we're simply doing is testing motor oil performance in a car engine, with the car mounted on one of the dynamometers at our Coryton Research and Technical Service Laboratory. The dynamometer uses rollers that rotate under the vehicle allowing us to test engines and lubricants under all sorts of simulated driving conditions without actually taking cars out on the roads. Very useful, because we can put precise controls on the testing. We select the latest models from car manufacturers all over Europe for testing at the Coryton labs. We

check our oils for their wear protection, their performance at high temperatures, and their stability against oil shear.

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HOME NEWS

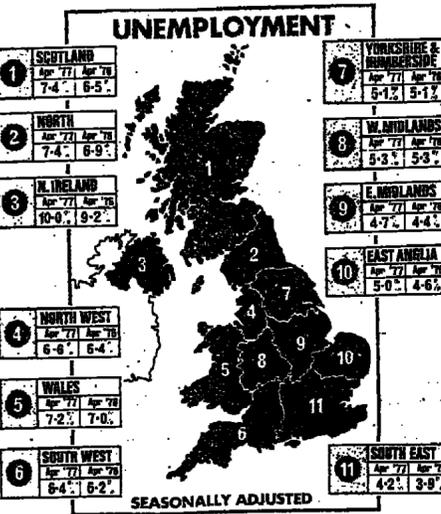
Carter may send energy team to U.K. for talks

BY ANDREW TAYLOR

THE POSSIBILITY of an exchange visit to the United States to discuss nuclear energy policies was raised this month during the visit by Mr. Anthony Wedgwood Benn, Energy Secretary to Washington.

Mr. Benn has discussed with the Carter Administration a wide range of nuclear issues including the U.S. attitudes to fast breeders and nuclear waste storage and reprocessing.

During his tour of European capitals and his visit to Saudi Arabia and the U.S., Mr. Benn is thought to have raised the possibility of a world energy conference involving major consumer and producer nations.



THE regional breakdown of unemployment figures shows that differences in the jobless rate throughout the U.K. remain large. Indeed, indications earlier in the recession that these gaps were narrowing have been counter-balanced to a certain extent during the past three months by a continued rise in the total in some areas of traditionally high unemployment such as Scotland and northern England.

Concorde routes under review

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

POSSIBLE changes in the flight paths of Concorde to and from the U.K. and France to reduce any disturbance caused by sonic booms are being considered by the two governments.

Law insurance for employers

AN INSURANCE contract designed to cover legal expenses incurred by employers in the course of their business has been launched by DAS Legal Expenses Insurance Company.

British Road Services starts rescue operation for vans

BY ANDREW TAYLOR

A NATIONAL commercial vehicle breakdown recovery and repair service is to be launched on Sunday by British Road Services, which believes it could provide up to 10 per cent of the group's pre-tax profits by 1980.

heavy-lift breakdown recovery vans, in addition to the group's own resources, the rescue unit would also have a back-up service of 200 outside garages, on permanent call, which will act as BRS agents.

is fitted with in-cab radio to a efficiency. Credit facilities of all over the country are available for cash for on-the-spot repairs.

New finance scheme for industry

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE DEPARTMENT of Industry is shortly to introduce its latest financial incentive scheme for manufacturing industry. It will be a Product Development Aid scheme.

Welsh agency buys stake in Wewtern

Financial Times Reporter

THE WELSH Development Agency has announced a share-and-loan deal with Wewtern Electric to finance large-scale production of a new power cable jointing system at Rhyl, North Wales.

Public school heads warned

PUBLIC SCHOOL heads were warned yesterday that the lax English habit of expecting foreigners to speak English is one of the problems which have to be faced by language teachers.

New timetables published

BRITISH RAIL Southern Region has produced three new passenger timetables, each priced 20p, covering services run by the region's three divisions.

A Record Year for Clydeport

Extract from the Statement of the Chairman Mr. A. G. McCrae C.B.E.

SUMMARY OF FINANCIAL RESULTS: Table with columns for years 1976, 1975, 1974, 1973, 1972 and rows for Group revenue, Operating surplus, Interest charges, Depreciation, Net surplus for year.

We had an excellent year, each division of the Group contributing to record results. We are already reaping the reward of policies which have effectively broadened our base beyond the traditional role of a harbour authority.

After eleven years as Chairman I am now stepping down to make way for a younger man. Since the formation of the Authority in 1966 we have seen and adapted to great changes in shipping and in the pattern of port development.



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European interest rates 'may fall'

By Michael Stenden

FURTHER REDUCTIONS in European interest rates are possible over the next few months, says a leading analyst.

More fears of big cuts in shipbuilding

BY ROY ROGERS, SHIPPING CORRESPONDENT

FURTHER indications that widespread cuts may be necessary in the shipbuilding industry if new orders do not pick up come to-day from the Shipbuilders and Repairers' National Association.

Oil carriers

In 1975 and 1976 the volume of ships sold for demolition increased substantially because of the shipping market depression. But this put pressure on the world total shipbuilding capacity and also called into question the durability of surplus prices and demand.

Healey pay plan 'too stringent'

THE CHANCELLOR of the Exchequer's plan for Phase Three to hold wage increases below 10 per cent, was too stringent to be a kitty to restore the different acceptable, Mr. Glyn Barrett, president of the Bradford Chamber of Commerce, said yesterday.

Renault car prices rise

RENAULT cars' retail prices in Britain will be increased by an average of nearly 4 per cent on May 8.

BRUNTONS GOLD WORKED STEELS • Wire • Drawn Sections • Strip • STEEL WIRE ROPES "EIGHTH successive advance in net earnings and dividends" reports Mr A S Wood, Chairman

Comparative results table with columns for years 1968-1976 and rows for Net earnings, Net total dividends, Dividends per share.

- In our Centenary year we achieved a record pre-tax profit of £2.34 million compared with £1.69 million in 1975. A second interim dividend of 3.5089p per share net will be paid on 29th April 1977, making a total of 6.2709p net - the maximum permitted.

Financial ABC Steam Oil Formle per pa. An or

LABOUR NEWS

Seamen threaten supply of oil in helicopter row

BY RAY PERMAN, SCOTTISH CORRESPONDENT

Oil production from the North Sea was threatened yesterday by an ultimatum from seamen's unions in support of the striking pilots at Bristol Helicopters.

Four oil fields and 14 rigs are serviced by Bristol. By threatening production, unions hope to persuade oil companies to use their weight to get the dispute settled.

The helicopter company is under pressure from the Transport and General Workers' Union, which is blocking supplies of fuel to the base at Aberdeen and may also block the company's headquarters at Redhill, Surrey, to prevent fuel being transferred by private lorries.

Peace negotiations break down at Halewood

BY OUR LABOUR STAFF

TALKS AIMED at settling the 11-day strike at Ford Motors' Halewood factory broke down last night.

A company spokesman said no new talks had been arranged and the position looked bleak. Production losses were mounting at the rate of nearly £3m a day.

Yesterday's talks between Ford management and representatives of the 1,200 strikers broke down over the original issue on which the strike developed—the suspension of eight men by the company for leaving work early.

Maintenance men told to end their strike

By Nick Garnett, Labour Staff

STRIKING engineers and maintenance men at Heathrow airport were again instructed to go back to work yesterday after the Amalgamated Union of Engineering Workers' executive rejected a request to make the dispute official.

The strikers' shop stewards, who met Mr. Hugh Scanlon, the president of the AUEW, at his executive meeting, were disappointed at the result which could prove to be the most significant move to end the dispute.

OBITUARY

Sir Dan McGarvey, a colourful leader

SIR DAN MCGARVEY, one of the most senior and most colourful of TUC leaders, died yesterday at the age of 87 after a long illness.



Sir Dan, who was president of the Amalgamated Society of Boilermakers for the last eight years, was knighted in the New Year's honours list and was this year's chairman of the TUC.

He was also one of the six TUC leaders on the National Economic Development Council who negotiated the social contract and subsequent voluntary pay policies with the Government—an important role which he had been unable to fulfil because of his bad health.

Gormley widens rift over pay restraint

BY OUR OWN CORRESPONDENT

THE RIFT between one of the country's most powerful unions and the Government over the next stage of the social contract was deepened yesterday by Mr. Joe Gormley, president of the National Union of Mineworkers.

Normally billed as a union moderate, Mr. Gormley continued his hard line on the wages issue by pouring scorn on the whole idea of further pay restraint in another formal pact between the TUC and the Government.

Shop union in markets protest

By David Churchill, Labour Staff, in Scarborough

LOCAL AUTHORITIES who refuse to prosecute illegal Sunday traders, especially in temporary street markets, will be taken to court by the 400,000-member shopworkers' union to force them to take tougher action.

Pressure for more aid to young jobless

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE GOVERNMENT faces mounting pressure to expand the programmes to help the growing number of unemployed school-leavers.

According to a report endorsed yesterday by the Manpower Services Commission, large-scale unemployment among young people is a long-term problem which can only be kept in check by means of an expanded package of measures.

He was addressing the Midlands area conference of the NUM in Blackpool only a few hours after Mr. Eric Varley, Secretary for Industry, spelled out a message on the imperative need for the trade union movement and the Labour Government to stick together.

Mr. Gormley scolded the Government for "souring relations with its traditional supporters." He added: "I am warning them that to introduce an incomes policy that seems to be saying 'hold back wages' will lose the support of the Government over the votes."

Mr. John Phillips, the union's assistant general secretary, told delegates: "If we get details of local authorities failing to carry out their duties, we will initiate a test case against them to force some action."

The report recommends that the Government's present schemes—including work experience, job creation, and youth employment subsidy—should be rationalised and put on a long-term basis under a small, but unified administrative structure.

Priority would be given to helping unqualified and less able people. For example, in the current year only 20-30 per cent of the 800,000 registering as unemployed would be eligible.

Vertical text on the left edge of the page, including "Wednesday April 27 1977", "ices starts", "or vans", "ars of big", "shipbuilding", "OF carriers", "an 'too stringent", "NS", "ance in", "ands", "1976", "1,768", "502", "9,650".



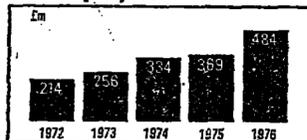
1976

An outstanding year

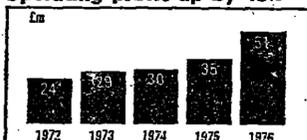
I am happy to report that again Reckitt & Colman has achieved both record sales and operating profit, with increases in our operating margins. As I relinquish my duties as chairman, I have every confidence that Reckitt & Colman is committed to remaining healthy, profitable and sensitive to the environment in which it operates throughout the world.

A.M. Mason Chairman

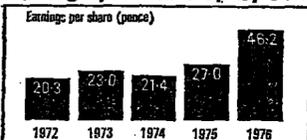
Sales up by 31%



Operating profit up by 48%



Earnings per share up by 71%



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Copies of the annual report may be obtained from The Registrar Reckitt & Colman Limited PO Box 22 Hull HU1 3NY

SAUDI ARABIA AND KUWAIT

Royal succession in Middle East

By ANTHONY McDERMOTT

SAUDI ARABIA and Kuwait, the role expected of him, for he is a man of modest and conservative tastes with deeper interests in the affairs of Saudi Arabia's tribes than domestic government and international politics. At the same time, there is evidence that he is reluctant to abdicate, and Prince Fahd has been careful to observe the courtesies and niceties of protocol, although he is politically more influential. Thus, if Fahd were to become ruler, in name as well as deed, the general thrust of policies are not expected to change, except that some observers believe he would be less lenient towards Egypt and Syria, and more prepared to champion close relations with the U.S.

King Khaled of Saudi Arabia and Sheikh Sabah al Salem al Sabah, the Emir of Kuwait, have been spending several months in London for prolonged medical treatment. By all accounts, it has been successful, but the two rulers' ailments and continuing frailty have stimulated rumours and speculation that they might either abdicate in favour of their deputies or accept formally to reign rather than rule. While there has been official silence from Kuwait about abdication rumours, Crown Prince Fahd, generally regarded as the day-to-day governor of Saudi Arabia, has just issued—ironically in the Kuwaiti newspaper al-Siyasa—a categorical denial that his brother, King Khaled, was planning to abdicate because of ill health.

In neither country are political upheavals likely in the event of their rulers abdicating or dying, for both have active Crown Princes who have been effectively running their countries for several years: in Saudi Arabia, Prince Fahd, the Crown Prince and First Deputy Prime Minister, since the assassination of King Faisal in March, 1975, and in Kuwait, Sheikh Jaber al Ahmed al Sabah, the Crown Prince and Prime Minister. King Khaled has played, by and large,

the role expected of him, for he is a man of modest and conservative tastes with deeper interests in the affairs of Saudi Arabia's tribes than domestic government and international politics. At the same time, there is evidence that he is reluctant to abdicate, and Prince Fahd has been careful to observe the courtesies and niceties of protocol, although he is politically more influential. Thus, if Fahd were to become ruler, in name as well as deed, the general thrust of policies are not expected to change, except that some observers believe he would be less lenient towards Egypt and Syria, and more prepared to champion close relations with the U.S.

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Involved

The same situation applies in general terms to Kuwait. The present ruler, who succeeded his brother on his death in November, 1965, was initially far more deeply involved in the daily running of his country than King Khaled is in Saudi Arabia, but in recent years, particularly during the periods of illness, Sheikh Jaber al Ahmed al Sabah, the Crown Prince, has not only been fully in charge but also, during the Ruler's absence abroad, borne the official title of Acting Ruler.

The questions of transferring power and allocating cabinet posts are worked out entirely within the councils of the re-

Secrecy

Competition in Kuwait is for the posts of Crown Prince and Prime Minister. At present they are both held by Sheikh Jaber al Ahmed al Sabah. Within the Sabah family there are two branches, the Jabers and the Salems, and this division makes it likely that in the future the two posts will be separated. At present, Sheikh Jaber al Ahmed al Sabah, a conservative and outspoken personality who spent between 1972 and 1975 in the political wilderness is believed to be the most likely successor, as Prince Sulman (Governor of

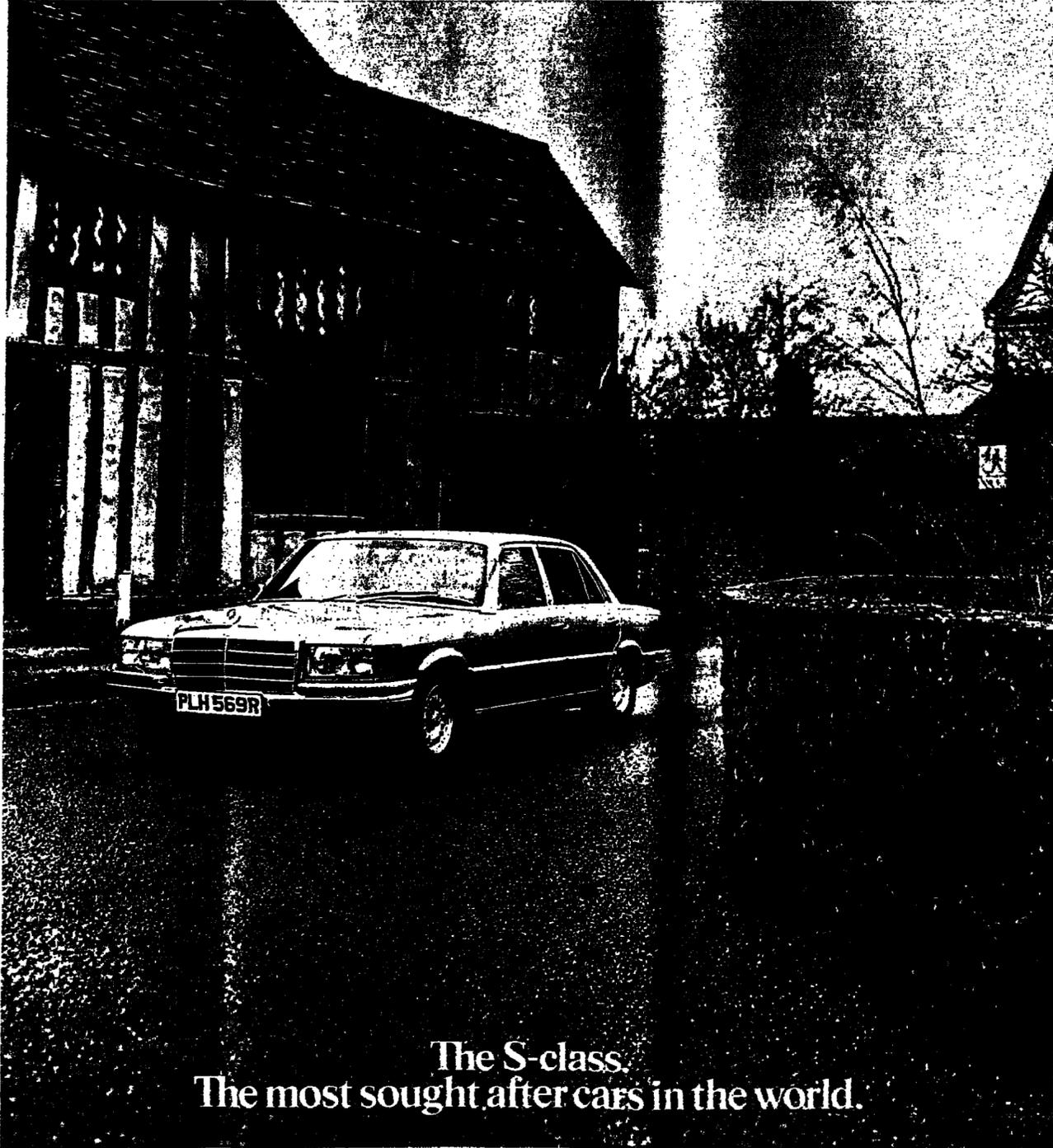
Deputy Prime Minister and Information Minister. A favourite for becoming Prime Minister is Sheikh Saad (another Salem), but the Foreign Minister, Sheikh Sabah al Ahmad (a Jaber) could be the main contender.

But how these speculations are translated into fact will be shrouded in secrecy. Royal family discussions and arguments on the Arabian Peninsula—not to mention speculation about succession—are regarded as intimate and sensitive topics to be kept from outsiders. At the same time, nearly all members of the royal families recognise that, whatever the depth of their disagreements, there have to be, in the end, limits beyond which individual and clan claims cannot be pushed without damaging the whole system.

Outside this in-group, any ruler, particularly a new one, will face the challenge of politics evolving—under the impact of education, better communications, the increasingly sophisticated decisions to be made about industrialisation and the increasing involvement of the two countries in important international problems—away from tribal loyalties towards party interests. In Saudi Arabia, the principle that the Ruler's word dominates is still accepted. But in Kuwait, until last August when the Constitution and the

British links

Britain has good reasons for showing interest. Its historical and political links with the area go back several centuries. Nowadays these have become mainly economic. Saudi Arabia is the largest Arab export market (Kuwait the fifth) and the largest source of oil (followed by Kuwait). Saudi and Kuwaiti investments in Britain are considerable. In broader terms the geographical position of the two, together with Saudi Arabia's dramatically expanded ideological and political influence in the Arab world and its role in OPEC—here however on prices Riyadh and Kuwait are at odds—make the political questions of succession and the allocation of subsidiary posts of prime international interest, no matter how little Saudis and Kuwaitis would like this to be the case.



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PARLIAMENT and POLITICS

Government backs seat belts law bid

THE GOVERNMENT yesterday backed a new bid to make the wearing of seat belts compulsory for car drivers and passengers.

But in offering support to a Bill proposed by Lord Avebury (L.) government environment spokesman, Baroness Stedman, made clear in the Lords that there could be no guarantee that the measure would become law.

"Without assurances of goodwill and co-operation, I am not in a position to guarantee the Bill its passage in the limited time available in the rest of this session."

Lady Stedman described the Bill which would cost little to implement, as "an outstandingly good buy among life-saving precautions."

It would save about £64m. annually in hospital costs by reducing casualties, she said.

An opponent of the measure, Lord Balfour of Inchrye (C) said that although lives would be saved by seat belts, they could also cause death and injury.

Lady Stedman refuted this suggestion. Research, she insisted, had shown that in no case was a person wearing a seat belt injured more severely than could have been expected if he had not worn it.

Lord Mowbray, Seagrave and Stourton, Opposition spokesman, said Britain's attitude to road casualties could appear to be one of the major moral gaps of the era.

It was only reasonable to take steps to protect drivers themselves, passengers and other road users from the consequences of drivers' "indolence and inertia."

He suggested enforcement could be made easier by fitting mechanical devices to cars to prevent the driver moving the car without wearing his belt.

Lord Avebury reminded peers that thousands of people would be killed or injured unless motorists and passengers were compelled to wear belts. He stressed the sharp drop in road casualties in countries where belts were compulsory.

Lord Avebury said: "We are not just talking about statistics. The House was discussing the great mass of human tragedy which is certain to happen unless this Bill is passed."

Lord Balfour urged peers to throw out the Bill and reaffirm their 1974 decision against the compulsory wearing of seat belts. "I am all for seat belts; I use one myself on the open road."

But he added: "Let us get away from doubtful statistics which have not been proved. Let us admit that lives are saved by seat belts, but also that death and injury can be caused by belt wearing."

"The House is being asked to pass a Bill which will cause death and injuries to some by Government order. It is a grave moral issue," he argued.

Lord Platt (Ind.) said he did not think Britain was ready for this law, and certainly not in its present form.

Lord Farry argued that the facts in favour of seat belts were "unassailable." Three years ago a survey of AA members showed over 60 per cent in favour. Now the percentage was slightly higher.

Lord Erroll of Hale (C) said that if the Bill was not passed, those who voted against it would carry the responsibility for a form of death that might be quite unnecessary.

Earl Howe said he was opposed to compulsion, supported freedom of choice and hoped the standard of seat belts improved. "The answer must be freedom of choice. Compulsion is a gross intrusion on the freedom of the individual."

Foot plans newspaper talks with Callaghan

By John Hunt, Parliamentary Correspondent

MR. MICHAEL FOOT, leader of the House, yesterday promised to discuss the Evening News and Standard merger with Mr. James Callaghan, the Prime Minister, who was due to return from a trip to Germany last night.

He was replying in the Commons to Mr. Robin Corbett (Lab., Hemel Hempstead), a leading member of the National Union of Journalists, who complained it was "disgraceful" that the owners, Beaverbrook Newspapers and Associated Newspapers, had not taken the unions into their confidence over the negotiations.

According to Mr. Corbett, the jobs of 5,000 workers on the two papers were being "bought and sold" by the proprietors as if they were pieces of machinery. He thought it disgraceful that people who were always writing leaders lecturing others on the need for good industrial relations should operate in this way.

Mr. Foot reminded him that yesterday afternoon, Mr. Roy Hattersley, Prices Secretary, was meeting a delegation of union representatives led by Mr. Max Madden (Lab., Sowerby).

The Leader of the House said that he had a great deal of sympathy with the representations which had been made on the subject. Mr. Hattersley would be explaining to the delegates the legal position of his department.

"These representations are important. When the Prime Minister returns, I will seek to discuss the matter with him," Mr. Foot added.



Original caricatures of MPs who have featured on the front page of Parliament's own journal, "The House Magazine," were presented by the Speaker, Mr. George Thomas, to colleagues at Westminster yesterday. Pictured, left to right, are Labour MP Mr. Jack Ashley, Mr. Thomas, Sir Keith Joseph, shadow Industry Secretary, and Mr. David Steel, the Liberal leader.

Jobless figures still serious, says Foot

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT regards the latest unemployment figures released yesterday as extremely serious, Mr. Michael Foot, Leader of the House, told the Commons yesterday.

He was replying to Mr. Robert McCrindle (C., Brentwood and Ongar), who drew his attention to the statistics which show that on April 14 unemployment stood at 1,336,635, or 5.8 per cent of all employees, and included 50,353 school leavers without jobs.

Mr. McCrindle suggested that the Government should bring forward further proposals to relieve the high level of unemployment among school leavers.

Mr. Foot told him: "The level of unemployment revealed by these figures is extremely serious and one of the most objectionable features is the number of school leavers."

If the general figure was taken, apart from the school leavers, it did show a fall in the seasonally adjusted figure. This did not, however, alter the fact that the total figure was still extremely serious.

The question of the negotiations over Phase Three of the

Mulley sees the hope for offset deal making

By Ivor Owen, Parliamentary Staff

THERE WAS AN optimistic assessment by Mr. Fred Mulley, Defence Secretary, in the Commons yesterday about the prospects of concluding an agreement with West Germany on a new arrangement to offset the foreign exchange costs of their cultural and BAOR.

While pointing out that detailed negotiations were under way for the Foreign Office, he told MPs that he very much hoped "we shall shortly sign an agreement."

Labour backbenchers, however, again strongly criticised the burden on Britain's balance of payments. "It is a transfer from a poor Britain to rich Germany," protested Mr. Gwilym Roberts (Cannock).

In similar vein, Mr. Stan Newens (Lab., Harlow) complained that for many years British economy had been forced to accept the burden which had helped the German to go ahead industrially.

Mr. Mulley saw this as putting the matter in rather different terms. "It is a transfer from a more developed world to a less developed world," he said.

The fact that the Prime Minister while visiting British military installations in Germany, was engaged in negotiating details of a new offset agreement, pointed out that under successive Governments, the matter had been negotiated by the Foreign Office.

Mr. Mulley added: "I am hopeful that a successful agreement will be agreed because, in present circumstances, at a rate, there is this imbalance between our foreign exchange situation and that of West Germany."

At the same time, he affirmed the Government's commitment to stationing British forces in Germany as part of collective NATO defence.

Tory MP will urge Ministers to resist EEC insurance plan

BY RICHARD EVANS, LOBBY EDITOR

WIDE RANGING proposals for the control of life insurance business throughout the Common Market come before the Commons to-night in EEC Commission documents which seek harmonisation of the supervision of insurers by member States.

The directives cover applications by insurers intending to undertake life business in the Common Market as well as calculation of solvency margins and guarantee funds, and the separate management of life funds.

Major difficulties arise from the variety of management methods now in use in EEC countries. In some, companies dealing in life insurance are banned from handling indemnity insurance. Under the Commission directives, this would become common throughout the Community.

Mr. Robert McCrindle, Conservative MP for Brentwood and Ongar intends to urge the Government to resist the proposal to force insurance companies to separate their life assurance operations from indemnity business. Last night he called the plan "unnecessarily bureaucratic and cumbersome."

In his view, there was already a steady progress being made to bring down the barriers affecting the insurance industry in Europe, and the proposed legislation would mean great difficulties for major U.K. companies.

MPs support Bill on live animal exports

MPs ON ALL sides yesterday welcomed a private member's Bill to tighten up controls on the "wild trade" of exporting live animals for slaughter.

Higher mobility allowance for disabled

By John Hunt

THE MOBILITY allowance for severely disabled is to be increased from the present level of £3 to £7 a week in November, Mr. David Ennals, Social Services Secretary, announced in the Commons yesterday.

The mobility allowance is being phased in to replace the provision of invalid tricycles. The present Government introduced the allowance on the grounds that it was more equitable and broadly based than a system of tricycles.

Mr. Ennals said the mobility allowance now benefits 43,000 people aged between five and 52. Everyone up to pension age would be covered by the end of 1979.

Mr. Ennals had said previously that the tricycles would be phased out over five years. But yesterday he told the Commons that if now looked as though they could be kept going a little longer, probably until 1982.

Mr. Patrick Jenkin, shadow Social Services Secretary, said that ever since the Government had announced its intention to phase out the tricycles there had been a mounting volume of protest.

Left has 'hounded me out' says Labour MP

BY RUPERT CORNWELL, LOBBY STAFF

MR. ERNEST PERRY, the 69-year-old Labour MP for Battersea South, is to stand down at the next general election after claiming yesterday that he had been "hounded out" by Left-wingers in the constituency party.

His decision emerged after a torrid meeting of the general management committee in Battersea South on Monday night which was punctuated by sharp exchanges between the MP, a self-proclaimed moderate, and his critics.

Mr. Perry has held the seat for Labour since 1964. His successor will inherit a majority of 2,851, meaning that the Conservatives need a swing of just under 5 per cent to capture it.

It had been intended that Mr. Perry's decision should remain secret until after next month's GLC elections. But the MP said yesterday that he had been threatened with a "Reg. Prentice" situation and subjected to the same pressure as the former Overseas Development Minister in his Newham North-East constituency.

Written reply

Sir John Hall (Con. Wyecombe) What action is being taken to reduce the imports of waste paper?

Mr. Bob Cryer, Under Secretary. No action is being taken to restrain import, which net of exports, amount to about 21 per cent. Only of the paper and board industry's current usage of waste paper. The Waste Management Advisory Committee, which is a sub-committee of the Working Party are considering what more can be done to increase waste paper recycling in the U.K.

Regional Board pos at Lloyds Bank

Mr. A. J. Glendon has been made a director of the North and East Midlands regional Board of LLOYDS BANK which sits at Nottingham under the chairmanship of Lord Northcliffe. The appointment takes effect from May 1.

Dr. P. Wade has been appointed director of group research and development of UNITED BESCUIITS (HOLDINGS). He joined the company in 1972 as manufacturing research manager.

Mr. J. Dawes has resigned as chairman and from the Board of BOND STREET FABRICS.

Dr. G. J. Shaw has been appointed managing director of BAKER PERKINS CHEMICAL MACHINERY. He was previously deputy managing director.

Mr. E. Cummings has been appointed deputy chief executive of CARINGTON VITELLA from May 1.

Mr. Alan Webster has been appointed managing director of BROOKES (OLEFURY), a member of the machine division of Tube Investments. He had been financial director of the company since 1972.

Mr. J. G. N. Drummond and Dr. E. Thain have been appointed directors of SIDLAW INDUSTRIES. Mr. Drummond has also been appointed chairman designate of the oil services and engineering division and will succeed Mr. A. W. Parker as chairman of that division later this year. Mr. Parker will remain director of Sidlaw Industries, a member of LLOYDS BANK which sits at Nottingham under the chairmanship of Lord Northcliffe. The appointment takes effect from May 1. Dr. Thain joins Sidlaw as finance manager in 1977 and now becomes finance director.

Mr. Robert Farrall, managing director of R. Hunt and Co., has been elected president of the AGRICULTURAL ENGINEER ASSOCIATION First vice president of the Association.

Mr. Gerald C. Thachrah, marketing director of International H-vester Company of Great Britain and second vice-president, has been elected managing director of U.K. operations, Mass Ferguson (United Kingdom).

Mr. Robert Farrall retires April 30 as director-general of the Generation Development Construction Division, CENTR ENERGY GENERATION BOARD. His deputy, Dr. C. Balg, will assume responsibilities for managing the division from May 1 until permanent arrangements are made.

Mr. John E. Richards has been appointed personnel director THORN ELECTRICAL ENDS TRIBLES and joins the executive Board.

Mr. J. Briggs has been elected a director of GRA PROPER TRUST. Mr. W. E. Shepherd, retiring director, has not been re-elected.

March 1977

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FINANCIAL TIMES SURVEY

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Wednesday April 27, 1977

Asian Shipping

Although the fleets of the industrialised nations still dominate the shipping routes of Asia, the build up of their own fleets by the developing countries of the region has introduced new patterns of operation.

New fleets in the making

By John Wyles

IT IS crude to talk of a continent being "on the move," especially when it is an aggregation of countries which differ greatly in their cultures and economic and political arrangements. But as far as shipping and shipbuilding is concerned in Asia, an increasing uniformity of policy can now be discerned which is characterised by a determination to build more ships for the developed world and to be less of a consumer of that world's shipping services.

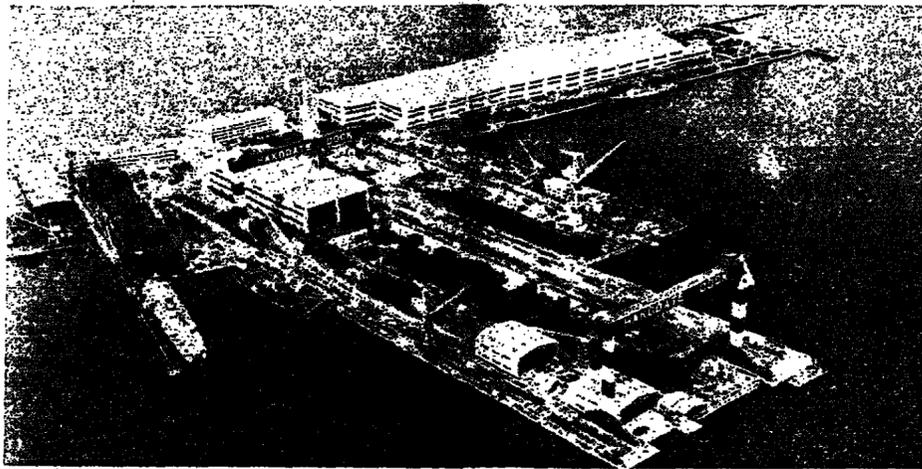
Thus from India to the Republic of China, large-scale investment is being devoted to the creation of national shipping fleets which are intended to carry a larger proportion of national trades and thus, it is hoped, to reduce the cost of overseas transport to the national exchequer. The political expression of this attempt to be more independent of the developed world's

shipping is, of course, the NU Code of Conduct for Liner Conferences. Passed in Geneva in 1974, the Code is unlikely ever to come into force in its present form (it needs to be ratified by countries whose flags account for 25 per cent of the world's merchant fleet; the tally so far is 3.75 per cent.) but it has assumed an enormous symbolic importance both as an influence on Third World shipping and shipbuilding policies and on the attitudes of Western Europe and Japan towards flag discrimination and cargo reservation policies.

Much of the political impetus behind the Code came from Asian countries, India in particular, although not all are uniformly anxious to prevent any amendment to its terms. These provide, among other things, for the elimination of closed shipping conferences and for the reservation of 80 per cent of the trade between any two countries to ships of those countries, leaving "a significant part such as 20 per cent" to third parties or cross traders.

Powerful

The Code's implications have become a powerful spur for many Asian countries to develop their shipping capabilities since few have fleets of the right size and mixture to carry 40 per cent of their foreign trades. India, currently with the world's 17th largest fleet, has a shipbuilding programme which will add nearly 1m. gross tons to its existing total of 5m. grt, while the Philippines is setting about



An aerial view of Hakodate shipyard, Japan, which can build ships up to 300,000 tons.

replacing a comparatively aged fleet with new ships particularly aimed at carrying a greater share of its trades in oil and agricultural commodities. Malaysia has an even more extensive development programme, which could make the Malaysian International Shipping Corporation a major force in the Far East, since its ambitions extend into forest products, palm oil and liquefied natural gas. It is hardly surprising that, given the national strategic importance of merchant shipping, China is no exception to the wave of shipping expansion sweeping through Asia.

The Chinese fleet is believed to have increased dramatically over the past two years, partly through the Government taking advantage of the large numbers of cheap ships which are now available either second hand or from shipyards. It has been estimated that the Chinese flag carries 53 per cent of the country's foreign trade and that the total fleet comprises around 400 ships, with a deadweight tonnage of around 4.5m. Cargo reservation has long been a familiar element of trading between socialist countries, and China has shipping agreements often involving the

creation of joint shipping companies, with several countries, including Albania, Poland and Tanzania. China is also known to operate through a number of controlled companies owing tonnage based in Hong Kong whose large independent owners must be exempted from any support for the specific provisions of the UNCTAD Code. These Hong Kong-based owners account for more than a quarter of the world's flag of convenience shipping, and their interests are with free trade rather than cargo reservation. They have

contributed substantially to the development of shipping in Asia, which is, ironically, now starting to exert an important competitive pressure on some of the Hong Kong owners' best customers—Japanese shipping companies. Japan's position in Asian shipping and shipbuilding is a curious reminder of the fragility of economic strength. Still the most economically powerful and developed country in that part of the world, Japan is, however, having to wrestle with a number of competitors in the area who enjoy similar advantages to those exploited by

Japan in its highly successful bid to compete with European and American rivals. The effectiveness of Philippine and Malaysian shipping, for example, is bringing complaints from Japanese shipowners, whose anxieties about the erosion of their competitive position are now being taken very seriously in Tokyo. Modern vessels coupled with comparatively cheap labour costs gave Japanese shipping a sharp competitive edge during most of the 1960s, but owners claim that their labour costs are among the highest in the world at the same time as other Asian countries are learning to be as efficient and modern in their shipping operations.

Slump

When asked to cite the competition which worries them most during these years of almost unprecedented slump in world shipbuilding, Japan's Ministry of Transport and Shipbuilders Association nominate South Korea and Taiwan while discounting most of Western Europe. The reasons are ultra-modern equipment and cheaper labour costs, which, allied to Government backing through direct subsidies and soft credit for shipowners, are building both these countries up into major shipbuilding forces. Moreover, both are committed to expansion plans which are quite unjustifiable according to any dispassionate view of existing world capacity and foreseeable demand for new ships. After little more than three years of building for export, South Korea last year produced

a similar total output to the U.K. (whose total annual deliveries have changed little in the past 25 years). Having initially pinned its future growth on the construction of supertankers, Hyundai Shipbuilders has shown itself capable of adapting very quickly to the almost total disappearance of demand for these ships. By undercutting Japanese prices, Hyundai has managed to scoop in orders for a significant number of general cargo ships which are being produced in blocks of two or three in a giant dry dock conceived for the assembly line construction of tankers up to 1m. d.w.t.

Japan has several docks of equivalent size but its shipyards are forbidden by their Government from this kind of multi-ship production. This ruling was made partly out of the need to make some concession to Western European demands that Japan reduce its market share of world shipbuilding. This is a pressure which, as developing nations, South Korea and Taiwan have largely been spared.

Taiwan also has a national shipping development plan which will help carry its shipbuilding industry through the next four or five difficult years. The country's largest shipbuilder, China Shipbuilding Company, will be strengthened in its rivalry with Japanese yards by the completion nearby in Taipei of a major steelwork project. The first phase, with a production capacity of 1.5m. tons should be completed this year, and its deliveries will, in time, relieve China Shipbuilding of its dependence on steel imported from Japan.



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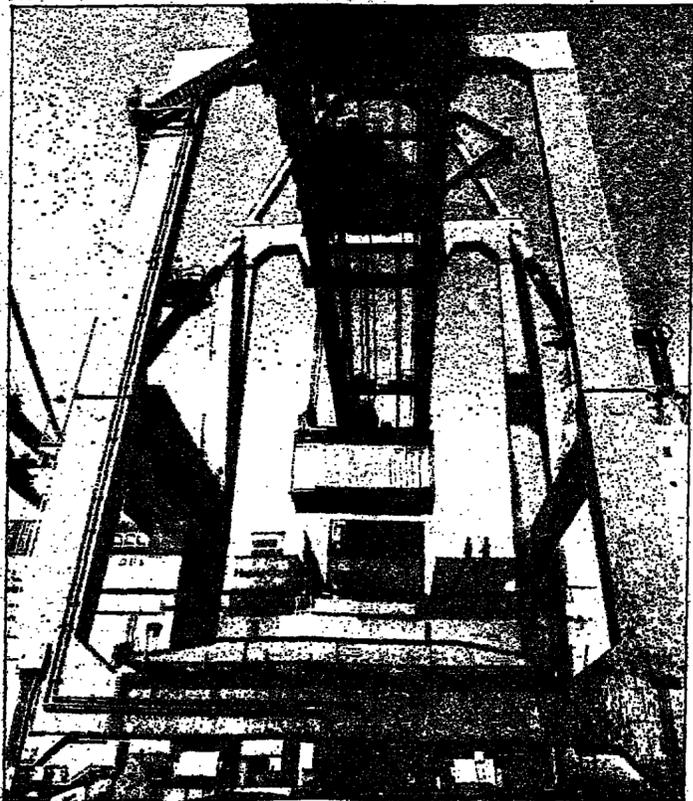
container stacking yard, ample container ship berths in 43 feet of water, 52,840 ton bulk-liquid storage capacity, our own Container Freight Service section, 35 ton container cranes, reefer and a large fleet of straddle carriers. We maintain our own labour and stevedoring workforce, Pilot service, Tug fleet, and a special-function Port Area Police. Other Kelang Port Authority facilities include railway

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Mulley hope for offset deal

Written report

Board of Bank

CONTAINERS

Several areas of conflict

HAGGLING WITH shippers over freight charges, against a background of continued undercutting by the State-run Russian shipping and railway lines, is the most pressing problem for container operators to and from the Far East.

The Far Eastern Freight Conference wants to increase its charges by 13.75 per cent from July but is meeting firm resistance from Asian shippers' councils, especially those in South East Asia, who are threatening to put pressure on their Governments to withdraw their national lines from the conference.

The obvious outcome of any such drastic action would be the setting up of a rival conference which, one assumes, would aim to offer lower rates than those envisaged by the existing conference.

One of the most sensitive areas at the moment is the Malayan rubber trade which is seeking a special arrangement with the conference lines and making noises about switching the trade to the Trans-Siberian Railway and/or Russian shipping lines if they are not accommodated.

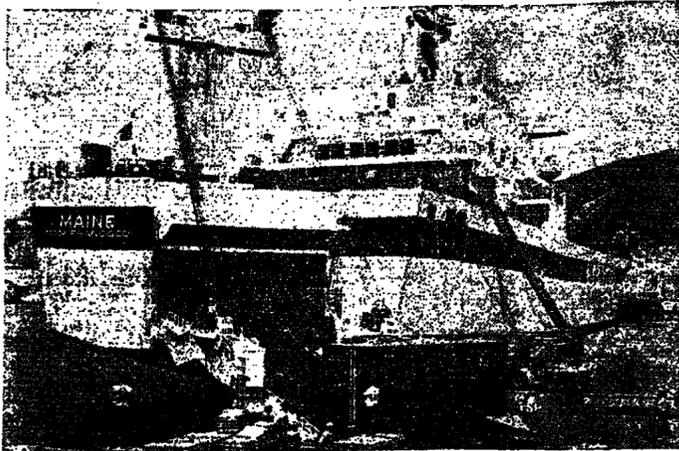
Another area of conflict is the so-called Suez surcharge of 2 per cent, levied on traffic through the reopened Suez canal. Originally imposed to cover the additional cost of shipping via the Cape while the canal was closed, the surcharge, which has been as high as 7 per cent, is now designed to cover the higher cost of using the canal compared to 1967.

Asian shippers see no reason why there should be any Suez surcharge now that the canal is fully operational and are certain to bring this issue into subsequent negotiations on charges.

The Far Eastern Freight Conference (FEFCO), which consists of 28 lines from 13 countries, estimates that costs will have risen almost 14 per cent in the 15 months between the last rate increase and July 1.

These figures are prepared by independent chartered accountants appointed by the conference, on the basis of voyage returns submitted to them by the member lines. The voyage returns distinguish each element of costs—stevedoring, bunkers, port charges, ship's depreciation—and show the effects of inflation, both expected and anticipated.

Shippers' councils often claim that they should be given access to these returns, (which are not even revealed to the conference) in order to decide for themselves whether proposed rate increases are justified. But the



Loading goods for export at Pusan, South Korea.

lines insist that the data remains confidential, not only to shippers but—perhaps even more—between lines themselves.

Even though the rival Trans-Siberian Railway has recently pushed its rates up by some 12 per cent, it is still able to undercut conference rates and cream off a growing slice of the container traffic. Last year the Trans-Siberian Railway carried some 80,000 containers and is still increasing its container-handling capacity.

This is partly because there is a considerable body of opinion which believes that the Russians are merely trying to force their way into the various shipping conferences rather than seeking to undermine the Western merchant marine.

Although they have been allowed in to some shipping conferences, the Russians' efforts to join the Far Eastern conference have proved unsuccessful. Now they are seeking to expand the TSR traffic by making the system triple and quadruple-tracked throughout most of its length from Leningrad on the

well as commercial aims. He has played a leading role in trying to influence Western and Japanese Governments to support shipowners in containing Russian maritime expansion to "reasonable limits," although to date there has been little indication that the Governments are prepared to impose the concerted shipping actions advocated by the shipowners.

Overseas Containers Limited (OCL), the U.K.'s leading container consortium estimates that it alone lost about 1.25m. tons of trade to the Trans-Siberian Railway last year and had to reduce some of its rates as a result.

OCL chairman, Mr. Ronnie Swayne, maintains that the Russians keep the Trans-Siberian rates artificially low and that they have military as

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JAPAN: SHIPBUILDING

A test of credibility

MANY MAN hours and much midnight oil has been consumed in Western Europe over the past 12 months as Government officials and shipbuilders have attempted to "read" Japan's shipbuilding policy.

The assumption behind all this activity, of course, is that Japan's statements on the matter cannot be taken at face value and that the difference between stated intentions and actual performance is sufficient to cast doubt on the credibility of public utterances.

After several long and increasingly irritable exchanges in the OECD's working party number 6 on shipbuilding during the past year, it is now fairly clear that Europe and Japan understand each other's positions. To an important extent, therefore, Europe has learned to "read" Japanese policy, but its understanding has not stretched far enough to devise a means of moving Japan away from an approach which is basically inimical to European interests.

This is hardly surprising because of the utter strength of Japan's position. By dint of shrewd investment in new technology, clever marketing, predictable labour relations and absolute reliability of delivery, Japan built up a dominant position in world shipbuilding during the 1960s.

Output has consistently hovered around the 50 per cent of world production mark. The enormous tonnages involved, 14.9m. gross tons in 1975 and 15.8m. gross tons in 1976, were very largely based on the mass production of plant oil tankers and bulk carriers. These two categories of ships accounted for 87 per cent of Japanese output last year, and while there are still a few bulk carrier orders around, the almost total absence of demand for new tankers has forced Japanese shipbuilders into markets more traditionally dominated by Western European yards.

The Europeans are not enjoying the competition and have been forced to adopt a variety of defensive measures in a bid to protect the 400,000 jobs at stake in the major shipbuilding countries. Principally they have charged that Japanese prices are unfair, and shipbuilders have done calculations to prove, they say, that many prices being offered in Japan do not actually cover building costs. Such charges of unfair competition have been vehemently denied by spokesmen for Japanese Government and shipbuilders, who have built their defence on claims of superior efficiency.

The exchanges which have taken place within the OECD and between the Association of

West European Shipbuilders and the Shipbuilders Association of Japan have been frustrating and inconclusive for both sides. Although far too polite to admit it publicly Japanese negotiators have become tired and bored with the constant complaints that prices up to 40 per cent below European levels must be made, and are therefore unfair, while the Japanese rebuttals cannot really be verified. Whereas in Europe all the major European yards would find it very difficult to mask the consequences of taking a series of loss-making contracts, the fact that Japan's leading exporters belong to huge conglomerates, many of which include steelmaking and electronics among their activities, means, it is claimed, that losses can be spread and commercial realities obscured. These commercial arguments have now become grist to the mill of the political manoeuvring which has been taking place over the past nine months within the OECD and which looks set to continue until the Europeans feel that an acceptable modus vivendi has been reached.

After months of pressure and moves within the European Commission to frame an EEC policy for defending shipbuilding, Japan responded in February with an undertaking to raise export prices by 5 per cent, and to withdraw from competition with European countries whose industries were in "severe difficulties." Spokesmen subsequently argue that the real price increase in ships for delivery in two years time amounted to 21 per cent, because the Ministry of Transport was also insisting on an 8 per cent per annum inflation adjustment.

It is still too early to judge the true effect of these moves, together with the upward drift of the Japanese yen against the dollar, but there have been one or two interesting straws in the wind. First some leading London sale and purchase brokers say they have detected a change of attitude in Japan in the last couple of months which really amounts to a reluctance to quote prices to shipowners from EEC countries. Secondly, the one country, West Germany, which appeared to suffer particularly badly from Japanese competition last year has suddenly started to do rather better. In one week towards the end of March, West German yards booked a total of nine new vessels worth more than DM220m. There was a feeling that at least some of these orders were a

product of Japanese restraint and this has helped strengthen the determination of governments to maintain their pressure on Japan.

The ultimate political goal is to cajole Japan into abandoning its stated resolve to retain a 50 per cent share of world output. The implications of this for western Europe are grim because total orders placed in the world over the next three years are expected to be no more than 13m. grt a year (Mr. Robert Huskisson, chairman of Lloyd's Register of Shipping, said recently that he thought that the 1977 total might be no more than 10m. grt). Up to 3m. grt and possibly more of these orders will be built by Comecon countries and developing nations are not, therefore, by general agreement, "freely available."

If Japan is pledged to build 6.5m. grt out of the remaining 10m. then EEC countries would be producing less than half of their 1976 output.

Japanese representatives have repeatedly stressed that as far as Tokyo is concerned the 50 per cent is not negotiable, and this is because it underpins a strategy based on sheltering as much of Japanese shipbuilding capacity as is possible from the world slump. Around 80 per cent of Japanese production goes for export, and the 40 leading exporting companies have agreed with the Government to reduce their man hours worked to an average of 85 per cent of 1974 levels. There are several ambiguities about the plan, however, which has not been satisfactorily cleared up by Japanese spokesmen. Although the reduction in man hours has been linked in Government statements with the 50 per cent world market share, it is by no means clear whether an annual order intake of, say, 6.5m. grt will be sufficient to sustain this level of man hours. The answer surely lies in the composition of the order book. There is a higher man hour content in technically sophisticated ships like container carriers, roll-on roll-off and gas carriers, and also a higher added value.

But no one can be sure what proportion of available orders will be made up of such vessels and what sort of mixture of the technically sophisticated and more straightforward ships Japanese shipbuilders are seeking. It may well be that Japan will need more than 50 per cent to sustain its man hours plan. But it may be able to abide by this limit by taking the lion's share of sophisticated ships, which would be equally unsatisfactory for European yards if all they are left with is a range of general cargo

vessels. Japan has demonstrated in several other trading areas that it is good at controlling its marketing, and it has an export licensing system in shipbuilding which offers the Government some opportunity for fine tuning. However, Lloyd's Register figures reveal that Japan took 56 per cent of world orders last year, and the signs are that Tokyo is finding it difficult to walk the 50 per cent line in 1977. Europeans say that equity demands that Japan should contract its shipbuilding the most because it went to far greater lengths to expand it than any other country—production, after all stood at only 1.7m. gross tons or 20 per cent of world output in 1960.

Severity

Tokyo's answer is that, while it has no concrete plans for shutting down yards, the sheer severity of the world slump will force a contraction. It has claimed that the failure of the Mito shipyard near Nagoya in February with debts totalling ¥20bn. will be the first of many.

However, the Japanese claim that their room for manoeuvre is limited for reasons which Western Europe ought to try to understand. In 1976 there are 250,000 workers employed in shipbuilding and around 180,000 of these are permanent employees whose security cannot be abandoned without far reaching implications for Japan's entire social and economic system. The bulk of the redundancies must therefore be suffered by the industry's 73,000 sub-contract workers, but even these cannot be indiscriminately cut back, as is said, because entire communities are dependent for their prosperity on the operation of the local shipyard.

Many of the permanent employees working for the large conglomerates will be transferred to other activities. This will not be accomplished without difficulties because of training problems being suffered elsewhere, steel being a good example.

Objectively, the figure is less grim for many Japanese yards than it is for most yards in Europe. If it is to be a matter of survival for one of the fittest, then one's man hours has to be on Japan, for Western European shipbuilders are now really competing with a comparable industry but with the strength of a more effective integrated socio-economic system.

Change

It is still too early to judge the true effect of these moves, together with the upward drift of the Japanese yen against the dollar, but there have been one or two interesting straws in the wind. First some leading London sale and purchase brokers say they have detected a change of attitude in Japan in the last couple of months which really amounts to a reluctance to quote prices to shipowners from EEC countries. Secondly, the one country, West Germany, which appeared to suffer particularly badly from Japanese competition last year has suddenly started to do rather better. In one week towards the end of March, West German yards booked a total of nine new vessels worth more than DM220m. There was a feeling that at least some of these orders were a

product of Japanese restraint and this has helped strengthen the determination of governments to maintain their pressure on Japan.

The ultimate political goal is to cajole Japan into abandoning its stated resolve to retain a 50 per cent share of world output. The implications of this for western Europe are grim because total orders placed in the world over the next three years are expected to be no more than 13m. grt a year (Mr. Robert Huskisson, chairman of Lloyd's Register of Shipping, said recently that he thought that the 1977 total might be no more than 10m. grt). Up to 3m. grt and possibly more of these orders will be built by Comecon countries and developing nations are not, therefore, by general agreement, "freely available."

If Japan is pledged to build 6.5m. grt out of the remaining 10m. then EEC countries would be producing less than half of their 1976 output.

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Baltic Coast to Nakhodka and Vladivostok on the Sea of Japan to meet up with shipping links with Japan, Hong Kong or South East Asia.

Trade to and from Japan constitutes a major part of the Far East container traffic with Europe and the U.S. The Japan-Europe services are dominated by three consortia: the so-called Trio Group, representing the container ship interests of the leading British, Japanese and West German lines; the ACE group of Belgian, French and Singapore, Hong Kong, Korean interests with the Japanese Line; and the Scan-Dutch consortia.

This trade is about 95 per cent containerised with roughly a third of the containers carried in Japanese flag ships. One of the main priorities here is to increase the level of goods flowing into Japan, as boxes going in that direction are often only about 70 per cent full at present.

The Japanese have an even stronger hold—about 50 per cent—on container traffic between Japan and the U.S. But despite these high shares of these key container routes the Japanese are growing anxious within the industry at the rising level of foreignflag vessels being chartered in by Japanese shipowners.

Foreign flagged vessels now account for more than half of Japan's ocean-going tonnage and this issue is expected to be a high priority in forthcoming internal discussions on a long-term policy for Japanese shipping.

Another item worrying Japanese shipping interests is discrimination against their vessels by the developing countries. The Japanese Cabinet is supporting a Bill designed to empower the Ministry of Transport to restrict or ban calls to Japanese ports by ships from countries discriminating against Japanese shipping interests.

Roy Rogers

Shipping Correspondent

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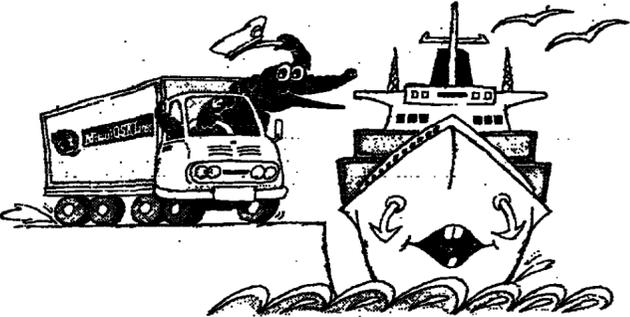
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A prevailing mood of pessimism

JAPANESE ARE not given to gloom, but a prevailing mood of pessimism has taken hold in the shipping industry here. Complaining does, after all, involve a certain loss of face, an element of "mea culpa". During the last 12 months, however, Japanese shipowners appear to have abandoned much of their restraint and are prepared to expatiate at length on the mounting problems they face. While these problems are not unprecedented for a Japanese industry, they are unusual in that they stem from an observable decline in international competitiveness.

Last year's repeated warnings about the industry's uncertain future were duly noted by the Government, and a few months ago the Ministry of Transport asked the shipping branch of the key policy-formulating Union, which is itself a highly unusual phenomenon in Japan since it is the country's only important truly national trade union. Japanese shipowners are inclined to blame this fact for their weakening international position and point to the company-based union system as one of the vital foundations for the continuing success of so many Japanese manufacturing industries. The Seamen's union has showed itself to be a skilful, and adroit bargainer, although the owners say it is too effective for its members' good and has forced Japanese shipping companies to adopt various strategies to avoid hiring nationals.

A notable development has been the growth of the maru system, whereby a Japanese ship is chartered out minus its crew to South Korean or Filipino interests and then chartered back with a total crew whose pay will inevitably be below the prevailing Japanese rates. The Ministry of Transport has estimated that some 10 per cent of Japanese shipping is now accounted for by maru ships. This trend may be partially responsible for the Seamen's union conceding the right to some companies to man their vessels with a mixture of nationalities, in some cases with Japanese officers and low-priced seamen from other countries. The companies which are reported to have wrested such a

concession out of the union include Iino Kaifu, NYK and Showa Shipping. Another practice which is much longer established and which also frees the shipowner from the manning requirements of the Japanese flag is the shikamisen or tie-in system whereby a ship is ordered in a Japanese shipyard on behalf of a foreign owner, who charters it back to the Japanese company on a long-term basis.

Over the last 12 years, the shikamisen has become an increasingly popular step for Japanese shipping companies, and it has substantially boosted the country's dependence on foreign registered shipping. Around 62m. grt is Japanese owned or controlled, but the foreign flag element has risen from 36.6 per cent in 1973 to around 47 per cent last year. Japanese flag vessels have been carrying only about 23 per cent of exports and 45 per cent of imports, but with the help of foreign registered shipping these proportions change to 53 per cent and 74 per cent. This development has raised some questions in Japan, not least about the shipping companies, both economic and strategic, of depending to such an extent on foreign vessels, and this is one of the issues that will be examined by the Council's policy study.

The Council will also be looking at the implications of the world tanker surplus, which has been a marked drain on the revenues of some major Japanese companies and will continue to be a threat for as long as it lasts. Different companies have differing exposures. Sanko, for example, own around 5.8m. dwt of oil tankers and combined carriers, of which 70 per cent is on period charters which are due to expire between 1978 and 1980. During the same period 75 per cent of the 11.8m. dwt vessels with a mixture of then-relet will be coming out of employment. Japan Line, one of the world's leading major independent tanker operators, is reported to have wrested such a

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SOUTH KOREA

A force to be reckoned with

IT IS no coincidence that Hyundai Shipbuilding and Heavy Industries became South Korea's biggest exporter in 1976. The company's shipyard at Ulsan on the south-eastern coast cost \$100m. to build but by 1975, Hyundai was selling \$108m. worth of ship-overseas, and in 1976 export sales rose to \$376m. The yard itself, built in 1973 and only completed after the February, 1977 completion of Hyundai's first (of many) 280,000-dwt very-large crude carriers (VLCC's) is arguably one of the largest in the world, with the capacity to build vessels up to 1m.t.w.t. and an annual production capacity of nearly 2.75m. gss tons.

Of course, Hyundai is not insulated from the present world oversupply of ship capacity. Indeed, although its order books are said to be "full" until the end of 1978, much if not most of the work will be on time-ships—construction, notably marine-technology offshore and VLCC's. It is Hyundai's own strategy, in fact, that it benefits in much the same way as the parent companies. The Hyundai group of companies includes Korea's largest heavy construction and plant engineering—Hyundai Construction, and an undisclosed but apparently large portion of the shipyard's order will likely go to Hyundai Construction's major port construction projects in the Middle East.

A world shipbuilding glut, it has convinced Seoul to look on its other ambitious building plans which had drawn up with a target of 10m. grt capacity by 1981. The first figure was pared last year to 5m. grt in June or July a 10,000-grt capacity shipyard at Ulsan will be completed at a gross tons but rose to over 2.6m. grt. Had world demand for building and Engineering Corporation (KSEC), a company when the Hyundai and KSEC which ranked together with investment decisions were Hyundai before the big Ulsan made, both production and Hyundai built. Now KSEC hopes exports would also have far

Shipyard	No. of vessels	Tonnage (dwt)	Amount (\$m.)
Hyundai	59	3,326,000	1,042
Korea Shipbuilding and Eng. Cpn.	49	376,000	195
Others	42	84,000	68
Total	141	4,286,000	1,305

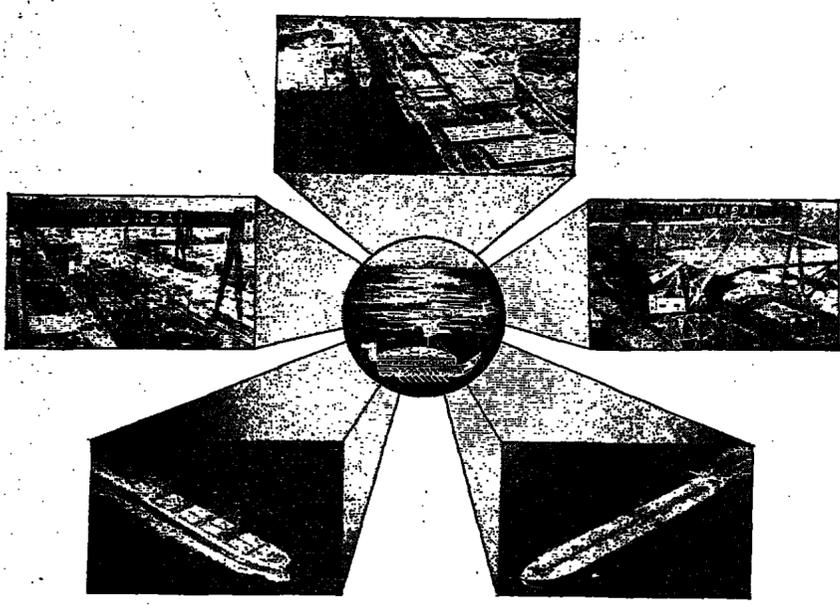
an appreciable change in the demand, and the present Five-Year Plan is geared to raising the value of Korean ship exports to at least \$1bn. a year by 1981. Moreover, Korean shipbuilders are counting on strong guidance from the Government in terms of earnings and 90 per cent in terms of tonnage. At least two blueprints for large-scale shipyards have been shelved (with not a little prodding from the Government) in the past 18 months, and there has been active discussion about whether Korea has pushed this sector too fast in recent years. Giving rise to this concern, for instance, was the fact that Korea far exceeded its planned capacity for 1976 (it was planned in 1971 at 1.3m. gross tons but rose to over 2.6m. grt). Had world demand for building and Engineering Corporation (KSEC), a company when the Hyundai and KSEC which ranked together with investment decisions were Hyundai before the big Ulsan made, both production and Hyundai built. Now KSEC hopes exports would also have far

onstripped the amounts planned; instead, the industry had to work at a very low operating rate. Production was planned at 1.21m. grt, but is currently estimated for 1976 to have been 684,000 grt, and exports, planned at 800,000 grt only amounted to around 600,000 grt. In other words, Korean Shipbuilding had double its planned capacity but only two-thirds of its planned market and, as a result, the industry produced only a quarter of the gross tonnage it had the capacity to build in 1976.

The Seoul authorities refuse to be pessimistic about future

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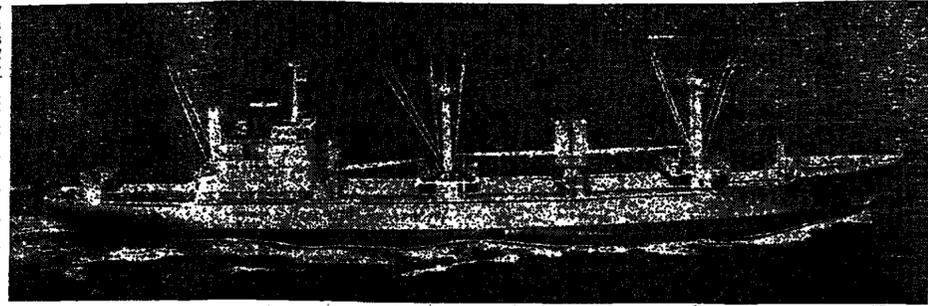
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After relying for more than a century on the ships of other nations for the carriage of its country's cargoes, the Government of the Philippines has embarked on the large-scale development of a national merchant fleet. The project currently involves the construction of 71 vessels during the period 1977-86 at a cost of about \$175 million of which nearly \$100 million will be provided by foreign financing. The immediate need is for money for the construction of a inter-island cargo-passenger vessels of from 500 to 1,500 d.w.t. estimated to require about \$40 million. To raise some of the money the Government has approached the European Centre for International Cooperation (CECI), an association of industrial and financial companies.

More than \$500 million per year is committed by the Philippine Government in freight charges, using foreign vessels, and it is estimated that in five years' time that the freight bill will reach \$1 billion unless the country scrap a major part of the present 60-year-old fleet, most of which are 16-year-old ships, and builds or purchases new vessels. Although it may be increased by the end of the year, the target for 1985 is an increase in the fleet of 45 per cent. (which means another 2.3 million grt of shipping), with priority going to ships for the carriage of oil imports and agricultural commodities. The Philippines' national fleet currently totals 457 ships representing a d.w.t. of 1.4 million grt.

Tonnage

Some of the proposed tonnage may be built at a new shipyard that it is proposed to set up at Subic Bay, south of Olongapo and 60 miles to the west of Manila. It is believed that the Japanese shipbuilding company, Kawasaki Heavy Industries, will assist in the construction of this facility.

With a comparatively large annual tonnage of sugar to be exported, the Philippines needs bulk carriers, and handy-sized versions of this class (20,000 to 28,000 d.w.t.) will form part of the investment in new tonnage. Already the Philippines has taken delivery of three of a series of four 28,000 ton bulk carriers from Gowan Shipbuilders (U.K.), and a fourth will be delivered later this year. Recent deals concluded by the Philippines with the Soviet Union, China and some U.S. interests for the sale of 2 million tonnes of sugar will mean a demand for bulk tonnage, and in the long-term the prospects for the increased export of copra, hemp, tobacco and lumber are good. Current Philippines shipbuilding orders in Japan include several 7,800 d.w.t. and 6,800 d.w.t. dry cargo vessels.

W. D. Ewart
Editor, Fairplay International

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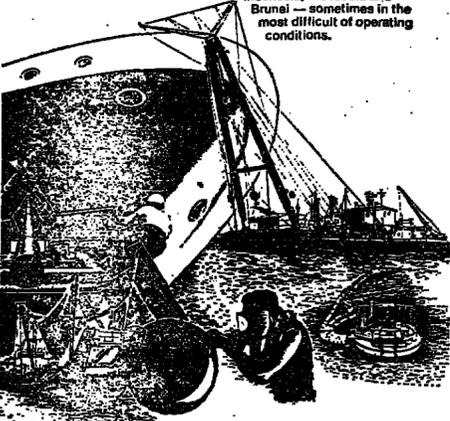
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ANXIOUS TO reduce the heavy outflow of finance through chartered-in tonnage, India is steadily increasing the size of its merchant fleet with new vessels ranging from large, fast dry cargo liners to 100,000 dwt bulk carriers. At the end of 1976 India's merchant fleet (vessels of over 100 tons gross) totalled 526 ships representing just over 5m. grt, placing the country 17th on the list of principal merchant fleets of the world, close behind the Netherlands, Singapore and Denmark. Vessels on order for the Indian flag currently number 39, totalling 1,334,130 dwt, with the emphasis on bulk carriers, of which there are 30 on order with a total carrying capacity of 688,200 dwt.

Port development in India has not been as rapid as shipowners might have wished, and as a result the number of large bulk carriers on order has been restricted. Better facilities are on the way, however, and a new deep draught coal port has been commissioned at Haldia, which is being developed as an auxiliary port to Calcutta, India's chief coal exporting centre. With the prospect of exporting some 19m. tonnes of Indian coal to EEC countries, Japan and Taiwan, the availability of a new berth capable of handling 60,000 tonnes will mean the despatch of between 4m. and 5m. tonnes of coal per annum. An ore berth is also under construction at Haldia, designed to handle 80,000 tonnes, the ore being loaded at 6,000 tonnes per hour to give an annual throughput of 5m. tonnes.

Indian coal has the advantage of being low in sulphur content and because of this several EEC

countries including France and West Germany are showing great interest and several large orders are now in hand. Taiwan has also become involved to the extent of a trial order for 40,000 tonnes of Indian coal.

Not all the proposed schemes are being carried through, and the plan to build a new port at Nhava Sheva, Bombay, with a container berth alongside deep draught berths for tankers and ore carriers has been postponed. At present India does not own any fully cellular container ships, although the majority of the new cargo liners entering service each carries 200 to 300 containers. Commercially there is currently very little interest in containers to and from the Indian ports, but the recent agreement between India and the Soviet Union to introduce an exclusive container service between India's west coast ports and Russia's Black Sea ports to be in operation by 1980 is an

indication of the potential value of the future container development. By 1980 the new container berth at Haldia will be completed, and improved container facilities should be available at Bombay and Cochin on the West coast. If India is to meet the 50/50 terms of the new container agreement with Russia, at least one fully cellular container ship will have to be provided under the Indian flag. Until the necessary infrastructure is completed there will be a monthly shipment of 90 containers each way between Bombay and Odessa and vice-versa.

Consortium

To the shipping industry the new agreement can be seen as the means of encouraging the Indian shipping companies to an exclusive container service to operate container vessels. Companies such as the Shipping Corporation of India, the

Scindia Steam Navigation Co., shipping interests for a new service between India and West Africa ports. Special consideration is being given to the greater use of expanding foreign exchange reserves to purchase ships from foreign shipyards, using finance provided by the Shipping Development Fund Committee, and the Indian Government has already placed harbour craft and equipment on its purchasing priority list. Nearly \$110m. has been appropriated for port development projects in the fiscal year which started on April 1.

At the most recent count the fleet of the Malaysian International Shipping Corporation showed a total of 24 vessels representing over 550,000 d.w.t. and as there are 13 more vessels on order for delivery within the next year, this will become one of the largest State-owned fleets.

Under the directives of the Malaysian Government, the MISC is now launched on a full-scale plan of expansion as well as diversification out of the pure liner trades in which it began its existence. The present fleet includes timber chip carriers, coasters and palm oil tankers, and an impressive fleet of dry cargo ships operating in the Far Eastern Freight Conference.

Before the end of the year the Corporation will take delivery of five of the six remaining handy-sized bulk carriers on order (all building in Japan and ranging in size from 18,500 to 25,000 d.w.t.), but although the market for bulkers is depressed these vessels will be traded on the open market. More open to criticism, however, is the decision of the Malaysian corporation to invest in a fleet of liquefied natural gas (LNG) carriers and five of the six vessels involved, all of 130,000 cubic metres capacity, remain on order at two French shipyards. The original plan was for the vessels to be used for the carriage of LNG from the gas fields of Sarawak to Japan, but it now seems unlikely that the plant involved will come on stream before 1980.

One of MISC's responsibilities has been to introduce modern cargo handling methods to the country's coastal cargo services and the four 3,950 d.w.t. vessels built for the Corporation by the Miho shipyard, Japan, are each fitted with 30-ton heavy lift cranes and can carry both containers and pallets. The ships operate between Peninsular Malaysia and Sabah and Sarawak. It is believed that

HONG KONG/SINGAPORE

Need for a bigger role

HONG KONG'S owners began to play a part in the development of flags of convenience in the late 1950s and now own 25-30 per cent of the world's tonnage registered under such flags. And with about 5 per cent of the world's merchant shipping tonnage Hong Kong-owned, there are strong arguments for the Colony having its own shipping register.

The move would bring money into Treasury coffers, give local owners a sense of identity and give Hong Kong greater control over a vital sector. Owners back the idea because it would give the Colony a strong voice in international conferences, and they would probably save money. Y. K. Pao, architect of the world's largest independent merchant fleet of almost 160 vessels, once reckoned his group would have to pay only 10 per cent of what it now pays Liberia in registration charges.

Detractors claim that safety standards would be set too low, and that there are legal and constitutional problems. In fact, as Jimmy Macgregor, executive director of the Hong Kong General Chamber of Commerce, said recently, "Hong Kong has everything necessary to operate a registry successfully and nobody in Hong Kong has any doubts about its benefits." The real problem is opposition from British seamen's unions, which exert more pressure on the Labour Government than on the Tories, during whose last term of office negotiations for a register got underway. The proposal is now in abeyance, but will be resurrected when the moment is judged opportune.

Registration

At present about 71 per cent of Hong Kong-owned ships are registered in Liberia and 15 per cent in Panama. Three per cent is registered in Singapore, where the registry was opened to foreign-owned vessels in 1969 and last year passed the 100,000 GRT mark, taking it to the position of the 15th largest merchant fleet in the world. Hong Kong is more of a ship-owning centre than Singapore, which is strategically placed at the meeting point of the South-east Asian sea lanes, giving it an enormous potential for maintenance and repair work.

Shipping was the only industry to be named specifically in the terms of reference of the tax review committee which recently presented its report to the Hong Kong Government. The authors of the report clearly were intimidated by the complexity of the tax structure of the industry (a difficulty which also affected the two previous tax committees) and admitted that while tax havens exist even the charging of the whole of a resident's ship-owning profits was unlikely to produce increased revenue. While they favoured higher

contributions to revenue by shipowners (who make maximum use of the Colony's infrastructure for obtaining carriage contracts with the ships, in many cases being controlled and managed from the colony but all profits given an outside source), they pointed out that any move to reach the large profits being made would require detailed and complicated legislation involving radical change and would probably be counter-productive.

Several submissions to the committee warned that if legislation drove owners to shift their agency business to other centres, the result would have "a major effect" on the Colony. The committee therefore did not recommend legislation "to lift the corporate veil" or bring agents managing or controlling ships within the ambit of the ordinance.

The committee pointed out, however, that since nowhere in the world were the charter hire earnings of a non-resident shipowner taxed in the country visited by his ships, the provisions of the existing legislation were effectively giving the resident Hong Kong shipowner a tax-free bonus.

They therefore recommend that earnings by the shipping industry should be taxed on all charter hire business (with the limited exception of charter hire receivable under general charters without demise), thus making it impossible for resident shipowners to avoid Hong Kong tax by attributing charter hire to a permanent establishment abroad.

A secondary recommendation in relation to non-resident shipowners was that they should be assessed on a fixed percentage of freight uplifted in Hong Kong and that this should be a final not a provisional figure, which would simplify the administration of the ordinance. It has been suggested elsewhere that shipowners might be prepared to exchange fairly high registration fees on a local registry (possibly with guarantees of a certain level of British manning) in return for a more certain immunity from Hong Kong should the administration adopt a more onshore attitude by registering locally.

At present at least half the Hong Kong-controlled fleet is fixed on long-term charters to the major Japanese shipping companies — the Shikoku arrangement, which enables a Hong Kong ship to be guaranteed a profit before it is built — but indications are that in the long-term this will gradually change so that the owners will come to show greater resemblance to their European counterparts, with more emphasis on profitability of fleets rather than size and the maximisation of security.

In the immediate future, shipowners will build fewer vessels in Japan and expand their fleets more slowly, but profits are

expected to rise as liquidity positions improve. The president of the Wah Kwong Group, Mr. Frank Chao, considers that as the shipping market lives up to Hong Kong owners will turn to South Korean and Taiwanese yards for new vessels.

Part of the explanation for the reduction in orders at Japanese yards is that Tokyo has unofficially loosened its control on Japanese shipping companies, establishing subsidiaries outside the country that provide charter ships to the parent companies. As a result, in the last two years major Japanese shipping interests have been chartering rather than from Hong Kong and other shipowners.

Consolidation

In Singapore, where shipbuilding and ownership has consolidated its position as a major industry, helped by a superb location and labour stability, the Shipping Association suggested earlier this year that the authorities should investigate why local owners were not ordering new vessels from local yards, when new business was needed in a slack period. Secretary General Kua Phek-Long said the problem facing owners was the increasingly high cost of operation, so that it would soon become uneconomic to own and operate vessels below 10,000 dwt.

The industry was seriously hit by the world recession in 1974-75 and suffered further setbacks in 1976 because of higher port charges and policies of neighbouring countries, particularly Indonesian documentation requirements for high-duty goods and a law controlling foreign ships operating in Malaysian waters. Nevertheless, shipbuilding and ship-repair grew by almost 40 per cent for the year to last June, to \$898m. and the volume of cargo handled in Singapore last year increased to 58m. tonnes, up 11 per cent over the 1975 figure, giving a net surplus of \$57m., compared with \$55m. the previous year.

Singapore, which is the main dry-docking centre for the Soviet merchant fleet in the Pacific, has been suffering from the effects of decisions taken in better times which have resulted in a virtual doubling of drydock capacity in the international repair market over the same period. Fortunately, there have been few casualties in Singapore, thanks partly to the resilience of both labour and management.

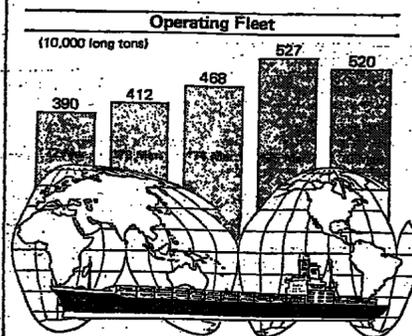
Complaints have been made that the lines of credit to yards and owners are insufficiently attractive. "If the industry had to rely on these," said Mr. G. E. Bogars, Chairman of the Government-owned Keppel Shipyard, "it would lose much

international business." Making the most of the difficult times, Keppel started a joint venture with local ship consultants Seatrans Anchor to provide "absolutely secure lay-up facilities for very large crude carriers and ultra-large carriers in the waters of Singapore... the first professional operation of its kind anywhere in the world."

Attempts are also being made to establish a ship design centre in Singapore, which would be particularly beneficial to small yards. Meanwhile, interest and emotion in both Singapore and Hong Kong is focused on proposals by the Far East Freight Conference for another freight rise in the region of 13 per cent, only about a year after a similar increase. Several voices are pressing for an overhaul of the system, or at the very least of the way tariffs are set. If they are heeded the governments of the Asian countries most affected could decide to step in and change the rules themselves.

Danny Nelson

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لماذا من الاصل

The U.K. oversteps the mark

BY ROBIN REEVES in LUXEMBOURG

switch from milk to sucking calves or beef production. But there comes a time in any negotiation, when a Minister must stop preaching what is good for the community as a whole and take what he can get. Mr. Silkin's price for swallowing the package was a massive victory for the U.K. pigmeat sector...



Mr. John Silkin, Minister of Agriculture and chairman of the EEC agriculture council (right), being greeted before the farm price negotiations.

Butter subsidy to cushion the very steep Common Market inspired increase in U.K. butter prices over the coming year. And by blocking completion of the negotiations for a month, Mr. Silkin managed to add another 1p a pound to the Commission's 'final offer' of 7 1/2p in March...

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Unemployment trends

RECENT unemployment figures have been encouraging, but perhaps deceptively so. The trend is by no means clear. The totals for November and December had to be estimated and lumped together because of industrial action inside the Department of Employment...

The figures for notified but unfilled job vacancies have also been improving since the early autumn of last year. The same industrial action prevented the collection of individual figures for the four months November-February...

Output growth The value of the vacancy figures as an indicator, however, is limited in general by the small size of the figures involved and recently by the relatively high proportion of total vacancies concentrated in London and the South East...

M. Barre sticks to his policies

THE PACKAGE of measures introduced by Professor Raymond Barre in the National Assembly yesterday does not represent a change of course in French Government economic policy. On the contrary, the French Prime Minister has made it clear that he intends to maintain the emphasis on the anti-inflation plan...

Unemployment But predictably one of the side effects of the price restraints and tax increases has been to push up the number of unemployed, who now total more than 1m. It is this problem which Professor Barre is attempting to deal selectively in the latest batch of job-promotion measures...

THE AGRICULTURE Ministers of the Nine have once again performed what has been described as the annual price miracle. In spite of representing widely differing economic and social conditions, they managed early yesterday morning to reach a compromise package agreement on increased common farm and food prices...

Impacts on farmers and housewives

BY JOHN CHERRINGTON and ELINOR GOODMAN

THE DEAL reached in Luxembourg will provide more support for U.K. farm prices than the simple addition of the 3p per cent increase awarded by the Council of Ministers and the 2.9 per cent devaluation of the Green Pound...

MEN AND MATTERS

Sartorial trends

Hardy Amies is not only a highly successful clothes designer he is also the archetypal export-model-Englishman, elegant and witty, in a tongue-in-cheek sort of way. Just the man therefore to make the keynote speech at a lunch yesterday given by the International Association of Clothing Designers...

Rich man, Poor man,

As Britain struggles to find room in its pay policy to allow some leeway for incentive and reward, the top men at America's ABC-TV are smiling. ABC, once a poor third in the U.S. television ratings war, has recently stormed to No. 1, pushing aside CBS and NBC en route...

Bye-Bye Buffet

Until about ten years ago Letchworth Garden City was a 'dry town'. Its only 'pub' stopped briefly at the station every two hours and then moved off at a smart pace to London. It was the bar on the Cambridge Buffet Express train.



bridge Buffet was one of the few bones of contention raised yesterday as BR unveiled its plan for improved services on its Eastern Region. There will be more and faster trains, and after 1978, the High Speed Train (HST) will cut the journey time from London to Edinburgh to a mere 4 1/2 hours.

Not all lines will have the HST. The investment cuts reduce the number being built, but 'Cinderella' services, like the slow cross-country link between Norwich and Birmingham will be upgraded. And for the first time they will have

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Handwritten text at the bottom of the page: 'هذا من الاصل'

With a minority of two in the Commons, loss of either of tomorrow's by-elections would make Labour uncomfortably vulnerable, and strengthen the position of the Liberals in Parliament in their arrangement to support the Government.

Tories are favourites to win in Grimsby

THE CONSERVATIVES need half the Stechford swing to win the Grimsby by-election, but probably double the effort of Birmingham campaign to get Mr. Britain's foremost fish port has been Labour since 1945; and party loyalty does not appear so depressed by rising prices that it will be needed heavily or easily.



Candidates at Grimsby: Mr. Robert Blair (left) for the Conservatives, and Mr. Austin Mitchell for Labour.

It is a graphic performance Mitchell, a former lecturer in which his opponents dismiss as politics, accepts the personality gimmick. But it challenges the television journalist, Mr. Austin Mitchell, the Labour candidate, on his own ground, Mr. Mitchell defends the seat without being noticeably defensive. "He knows the majority of just under 7,000 is vulnerable and hopes for no near line in debunking Mrs. more than a close victory at best. The Labour organisation is energetic and vigorous returns are said to be better than in last year's local elections, when the Tories gained control of Grimsby Council.

The Liberals are located above "Pete's Shop"—But Price Cosmetics." But Mr. De Freitas sees no jukes in this campaign. A native of Guyana, he is employed in the shipping industry and has lived in Grimsby for 15 years. For half that time he has been a local councillor, earning a good reputation among the people he represents. Mr. Mike Stanton, of the Socialist Workers' Party, employs a direct evangelical line. "Smash the social contract," he asserts. "Join the fight back to real socialism."



Mr. Michael Cowan (top), the Labour candidate at Ashfield, and Mr. Timothy Smith (bottom), the Tory contender.

Ashfield: Labour should hang on

LATE TO-MORROW night Labour should savour the rare pleasure of actually winning a by-election. Such of course is the present general dislike of the Government that nothing should be counted certain, but on any rational calculation, the seat of Ashfield in the Nottingham coalfield should remain outside the grasp of the Conservatives.

Letters to the Editor

Incomes policy based on added value

From Dr. F. E. Jones, President, Engineering Industries Association, and Mr. J. Curry. Sir.—It seems generally agreed that an incomes policy is an essential part of any economic policy which is aimed to the control of inflation. It is obvious, however, that there is a considerable dilemma for both the Government and the TUC in moving from the present rigid pay restraint to a more flexible policy. A solution might be for them to consider an incomes policy based on added value since added value per employee and added value per £ of assets employed provide a more realistic measure of efficiency in industry.

Compulsory seat belts

From Mr. G. Hockley. Sir.—While not disagreeing with Joe Rogaly (Lombard April 22) that reduced speed limits have saved lives this is surely hitting a secondary target. The evidence that the wearing of seat-belts has a substantial effect in reducing the number of deaths and the seriousness of injuries is now firmly established.

Limits on speed

From Mr. L. Gordon. Sir.—Regular readers have to put up with Joe Rogaly's obsession about speed limits, but his arguments (April 22) get no better. We already have some of the slowest road traffic in Europe. The Germans run a carefully controlled experiment with speed limits on some stretches of autobahns while other comparable sections remain free. Conclusion: speed limits do not save lives, and fuel savings was estimated at only 0.6 per cent.

Civil Service recruitment

From The Secretary, Civil Service National Whistley Council, Staff Side. Sir.—I am sorry that Michael Dixon (Lombard April 21) should be so mystified by the attitude of the civil service unions to later age-recruits to the administrative and executive areas of the civil service. The reason for this is quite simple. He adheres firmly to the principle of a career civil service and this requires entry pretty well immediately after the completion of a formal education. As the Salton Committee confirmed in 1968, the concept of a career civil service provides the country with an experienced and stable civil service, composed mainly of people who will devote their entire career to it.

Wasted water

From The General Manager, Carter Coaling Towers. Sir.—The National Water Council has now published its final verdict on the drought (The 1975-76 Drought, NWCC). With the comment that "The (water) industry coped with the extraordinary task very well, but there is always something to be learned." The report concentrates on public un-metered supplies and practically ignores water for industrial use, now being sold at about 60p per 1,000 gallons.

Valuing works of art

From Mr. T. Crombie. Sir.—Mr. Hugh Leggatt (April 21) is absolutely right. As a professional valuer of pictures, I can confirm that capital gains tax values that have to be calculated on a norm at April 6, 1968, are now becoming increasingly "notional" and even absurd.

Back to the red flag

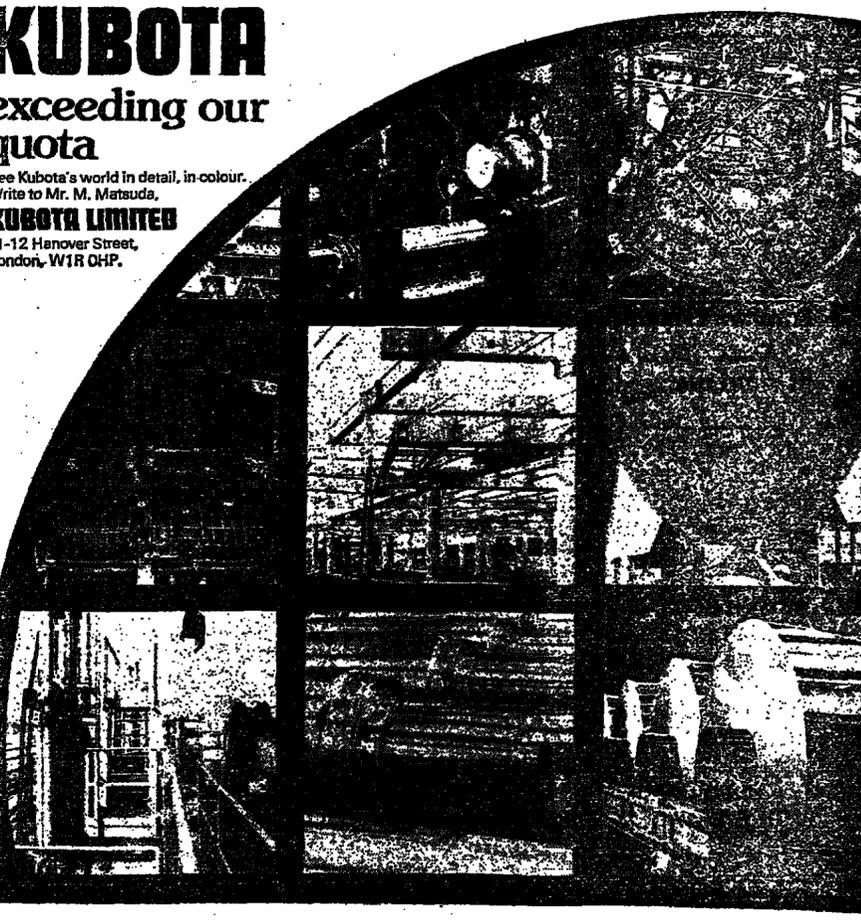
From The Managing Director, House Information Services. Sir.—Joe Rogaly is very hearted in his argument for low speed limits (Lombard April 22). Why allow even 55 mph? Still more lives would be saved if we marched boldly forward to 1985 when the speed limit was 4 mph. Put a man in front with the old red flag again and we can solve the unemployment problem too.

To-day's Events

- Labour Party national executive committee meets. Meeting of TUC general council. Lord Watkinson, CBI president, at Parliamentary Press Gallery lunchtime, House of Commons. London Chamber of Commerce taxation committee meets. Parliamentary Labour Party financial committee, 66, Cannon Street, E.C.4. Mass meeting of British Airways' striking engineers and maintenance men. TASS, the staff section of Amalgamated Union of Engineering workers, presents report to Mr. Leslie Huxford, Minister for Industry, seeking examination of Motion of EEC documents on direct life assurance. House of Lords: Agriculture department of resources from rickhatch. poorer nations meets in Washington. Formal talks open on future of Namibia (South West Africa) between South African Government and delegations from the five UN Security Council, Cape Town. COMPANY MEETINGS. Anglia Television, Norwich, 2.30. BCA Group, Portland House, Sea Place, S.W. 12. Burnham Mind Winchester House, E.C. 12.30. Equity and Law Life Assurance, 20, Lincoln's Inn Fields, W.C. 12.15. L. Gardner, Manchester, 2.30. Garton Cooper, Birmingham, 12. International Investment Trust, 77, London Wall, E.C. 12.20. Robert Kitchen Taylor, 16-17, Berners Street, W. 12. RKT Textiles, 16-17, Berners Street, W. 12.30. Ratcliff (Great Bridge), Birmingham 4, Sale Biney 25, Queen Anne's Gate, S.W. 12.30.

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COMPANY NEWS + COMMENT

ISSUE NEWS AND COMMENT

DIVIDENDS ANNOUNCED

Table listing dividends for various companies including Astbury and Madeley, Bigrave (Blackheath), Bodycote, Brook St. Bureau, etc.

Fairbairn Lawson tops forecast with £1m.

A BETTER than expected second half has taken profits of Fairbairn Lawson, the engineering packaging and office furniture group, above the forecast of not less than £900,000 made at the time of the rights issue last September.

HIGHLIGHTS

Brooke Bond proposes to raise £19.8m. by way of rights issue on the basis of one-for-four at 40p while on the trading front tea prices have inflated profits and working capital requirements.

Brooke Bond to raise £19.8m.

Brooke Bond is raising £19.8m. by a rights issue and is forecasting pretax profits for the year ending June 1977 of at least £4.5m. compared with £2.6m. in the previous financial year.

Water debenture

Rickmansworth and Uxbridge Valley Water Company is raising £2.5m. by the issue of 13 per cent Redeemable Debentures.

Hopkinsons near £2m. expansion

INCLUDING a satisfactory contribution by Blakesborough and Sons compared with a loss last year, Hopkinsons Holdings has a record £4.3m. for the year to January 28, 1977, against a restated £2.41m. to allow for the change in accounting policy.

J. Haggas hopeful of £3.3m.

PROFIT BEFORE tax of John Haggas improved from £1.8m. to £3.3m. during the nine months to March 31, 1977, and the directors are hopeful that the year-end result will reach £3.3m.

To mark a "memorable year in the company's history," Sir John Lawson, chairman, announces a proposed one-for-four scrip issue to holders registered May 20.

Best ever from Stylo Shoes

SALES OF Stylo Shoes rose from £14.7m. to £18.3m. during the 52 weeks to January 29, 1977, and pre-tax profit was a record £1.94m., compared with a loss of £0.3m. at half-year.

comment

Half of the £663,000 improvement in Fairbairn Lawson's pre-tax profits came from the turnaround out of losses on the office furniture side but, paradoxically, the results emphasise the change in the company to a predominantly engineering concern.

comment

After a rise of 135 per cent. in the first half, profits of Hopkinsons Holdings rose by 52 per cent. in the second half, leaving the overall gain at 81 per cent.

Yearlings fall to 9 5/8%

After rising for two weeks from the coupon rate on the yearling bonds this week came back down to a new low for the year at 9 5/8 per cent.

£5.24m. record for Newarthill

AFTER A midway advance from £602,000, Newarthill achieved record profits for the year ended October 31, 1976 of £5.24m., compared with £1.84m.

Silentnight turns in peak £2.8m.

BED AND upholstery group Silentnight Holdings finished the year to January 1977 with record profits of £2.75m. This represents an advance of 52 per cent. on 1975-76 and follows the first half jump of 61 per cent. to £1.16m.

RICKMANSWORTH & UXBRIDGE VALLEY WATER COMPANY. Placing of £2,500,000 13 per cent Redeemable Debenture Stock, 1984 at 299 per cent.

HEPWORTH CERAMIC. The document from Hephworth Ceramic Holdings relating to its rights issue of 25m. shares at 49p.

Who we are, what we do and how to get more information about us. To an investor, IIT offers the attractions of a diversified company that does business in more than 80 countries around the world.

CHAMBERLAIN GROUP. A record year. 1976 1975. Pre-tax Profits £1,957,863 £925,618 + 112%. Earnings per share 7.27p 3.52p + 107%. Assets per share 60.04p 52.22p + 15%.

Rolinco Swings and roundabouts. Striking example of influence of foreign exchange on investment results. Currency risk involved in American and Canadian portfolios covered by forward selling of dollars.

Beckitt Financial. Further attention to the directors. The company has announced a new dividend policy.

Reckitt & Colman's strong U.S. loss holds financial position back Sears

DURING 1976 further attention was given by the directors of Reckitt and Colman to ensuring that operating units in all parts of the world possessed financial facilities which supported their current levels of trade and which provided for expansion. This was done in a very strong financial position, they report.

Reflecting benefit from its wide international spread of trading, the group achieved record sales of \$495.5m, and operating profits of \$51.45m, in 1976, representing increases of 31.1 per cent and 48.2 per cent respectively. These results have been achieved while at the same time maintaining a highly satisfactory cash flow.

Despite the increase in sales, the level of borrowings was reduced while a heavy programme of capital investment was continued in the U.K. and elsewhere. During the year net borrowing was reduced by \$125m. This was achieved after applying \$10.25m (including £2.2m in shares) to the acquisition of businesses and \$21.2m to additions to fixed assets. This position followed the substantial reduction in net borrowing of \$51m in 1975.

At the year end short-term deposits showed a rise from £2.2m to £6.27m, bank balances from £11.52m to £13.81m, while loan and overdrafts increased from £11.56m to £14.74m.

In the U.K. the group achieved domestic sales of £111.5m, an increase of 19.6 per cent. Although operating profit showed a good recovery, profit was still below the average for the group as a whole.

The household and toiletries division benefited from the reorganisation on which it has concentrated much activity in the past two years and reaped the benefits of lower fixed costs. Total sales were £31.5m, and this division is now set for expansion.

In his statement, the chairman, Mr. M. Mason, refers to plans for the expansion of the group's pharmaceutical interests in the area of established products, the pharmaceutical division performed ahead of expectations, with medicines and analgesics producing particularly good results.

Reckitt and Colman exported £21.4m of goods—an increase of 41.2 per cent over 1975. Export sales produced a profit of £4.5m. This was a very satisfactory contribution to U.K. performance and fully justified the priority that continued to be given to the U.K. export operation, say the directors.

At the year end capital expenditure contracted for amounted

to £5.48m, (£4.62m) and there was a further £0.86m (£0.15m) authorised but uncontracted.

On the subject of inflation, the chairman says that he is "totally opposed to the complex proposals for its application in the Murchison exposure draft".

The proposed dividend for 1976 is 9.50p net compared with 8.63p net, with a final of 5.33p.

The directors now say that as a result of the conditional reduction in the basic rate of income tax, the recommendation on the final for 1976 to be proposed at the AGM will be slightly different from that announced. If the basic tax rate for 1977-78 is reduced to 33 per cent, a further 0.1641p will be paid on January 1978.

At the close of the AGM, Mr. Mason plans to retire from the chair. It is proposed that Mr. J. A. S. Clenneman be his successor.

The meeting is at the Connaught Rooms, W.C., May 20 at 11 a.m.

M.Y. Dart midway increase

MANUFACTURERS of sports equipment, packaging materials and pyrotechnics, M.Y. Dart achieved an increase in taxable profit to £716,000 for the 26 weeks to January 1, 1977, compared with £418,000 on turnover up from £4.4m to £8.45m. Profit for 1976-77 was £1.18m—close to the peak of 1974-75 of £1.22m.

The directors say that in the absence of unforeseen circumstances, the growth of the group will continue and be reflected in the results for the full year.

The group is developing new product lines, selling to new territories overseas and increasing the number of its customers, both at home and abroad.

All three divisions of the company, each of which produced an improvement in turnover and profits, are involved in this strategy for growth, they say.

The record interim dividend is 0.64p (0.62135p) per share, absorbing £88,381. Total for 1976-77 was 1.5030015p.

The directors add that arrangements have been completed to purchase the assets of a business manufacturing badminton shuttles.

Davies & Newman's peak £1.88m.

THE STEADY growth at Davies and Newman Holdings has continued since 1975, with turnover rising from £22.51m to £79.4m, and pre-tax profit ahead from £1.56m to a record £1.88m.

Turnover from shipping was steady at £1.02m (£1.68m), but aviation sales rose from £51.78m to £78.36m. At the operating level, shipping profit dropped from £0.2m to £0.15m, and the aviation surplus improved from £0.97m to £1.58m.

The directors report that the level of activity prevailing in the markets served by the shipping and broking company and the amount of business already concluded signify the likelihood of a satisfactory factory result for the current year.

Turnover	1976	1975
Operating profit	79,404	52,906
Interest receivable, etc.	1,178	1,232
Interest payable	50	43
Share issues	2,500	610
Profit before tax	1,882	1,560
Taxation	1,882	718
Net profit	0	842
Minority int.	5	5
Attributable	847	847
Dividend	37	37
Retained to reserves	232	232
Retained	2,392	1,564

On the aviation side, the level of activity remains high and

LOSSES OF £9.3m in the U.S. and sharp profit falls in engineering and the William Hill betting shop chain have almost offset progress made in other sections of the Sears Holdings group to leave results at the trading level virtually unchanged at £54m, compared with £53.33m, for the year ended January 31, 1977.

After interest and turnaround from a profit of £4.44m to a deficit of £2.81, in respect of non-trading items, the pre-tax balance emerges lower at £42.47m, compared with £49.13m. The non-trading deficit comprises £1.8m, being the costs of closing certain knitwear manufacturing and distribution activities in the U.S., and £1.33m, exchange losses, partly offset by a surplus on disposal of property and on redemption of loan capital.

The directors point out that the exchange loss arises mainly on the translation into sterling of overseas net current assets. A surplus of £1.5m (£1m) relating to fixed assets less associated borrowings has been dealt with through reserves.

Profits attributable to Ordinary holders emerge £7.54m, down at £18.30m, mainly because of an unusually high tax charge reflecting losses in the U.S. which are not tax relieved in the year.

Earnings per 25p share are shown to be down from 5.3p to 3.8p. The dividend is the maximum permitted, being raised from 2.1p to 2.31p net.

Mr. A. S. Wood, chairman, tells members in his annual statement. He reports that despite the continuing low demand for steel products the aggregate tonnage sold by all divisions in the first quarter exceeded sales in the previous comparable period by 5 per cent.

The directors propose to pay the maximum allowable interim dividend in the current period.

As reported March 30, pre-tax profit for 1976 rose from £1.69m to a record £2.34m, on turnover up from £7.21m to £10.08m.

The year began with high hopes that there would be some rise in the world demand for steel products and with increased capacity the company was in an excellent position to take advantage of the expected upturn; however, when it came in the middle of the year it was short-lived and the tonnage sold in the full year was about 13 per cent lower than the record year of 1974.

During the year there was an increase in liquid funds of £0.71m (£0.09m).

Meeting, Musselburgh, May 19, noon.

Brook St. picks up to £0.71m.

AFTER being behind at mid-way from £511,058 to £113,719, office staff agency, Brook Street Bureau of Mayfair, achieved a substantial improvement in the latter half of 1976 to finish the year with taxable profits of £705,551 against £678,894, on turnover slightly down at £10.39m, against £10.67m.

The directors report that the encouraging trend in business, first noted last May, was maintained during the second half of 1976, and continued in the current year.

The directors add that losses in the company's Australian subsidiaries are currently on a smaller scale, while profits in its U.S. operations continue to improve.

Earnings per 10p share are shown at 4.26p (4.25p) and the dividend is maintained at 4.204p with an unchanged final of 3.031p.

After tax of £412,202 (£385,813) net profit emerged as £293,552 (£293,051).

Turnover	1976-77	1975-76
Profit before tax	705,551	678,894
Taxation	34,813	25,186
Net profit	670,738	653,708
Minority int.	1,581	1,581
Attributable	672,319	655,289
Dividend	151	151
Retained to reserves	521,208	504,138

Spencer Gears sees at least £0.3m.

First-half turnover of general engineers, Spencer Gears (Holdings) rose by 32 per cent to £1.56m, and pre-tax profit improved by 285 per cent from a depressed £30,427 to £101,916.

And Mr. P. W. Fisher, chairman, states that the strong current position of the Southern Industries companies will ensure that profit for the full year to end June, 1977, should be at least £300,000, a rise compared with £176,087 last time.

First-half earnings per 5p share are shown to be up from 0.56p to 1.31p—the interim dividend is stopped up from 0.25p to 0.25p net, absorbing £17,356 (£12,758). Last year's total was 0.874p.

The improvement in turnover, with its marked benefit in profit, came mainly from Southern Industries (Croydon) and Southern Industries (Coalers), whose products are in increasing demand by the major U.K. brewers, says the chairman. The order book for beer raising, dispensing and cooling equipment is strong, and many brewers have announced further extensive investment plans.

The general engineering companies have reported some improvement, which should continue into the second half of the year.

Turnover	1976	1975
Profit before tax	1,560,000	304,427
Taxation	1,200,000	127,322
Net profit	360,000	177,105

ALFRED HERBERT

The directors of Alfred Herbert have decided that, in the light of present circumstances, the dividend due on April 30, 1977, in respect of the 4 1/2 per cent Cumulative Preference shares should not be paid.

Bruntons outlook

It is felt that Bruntons (Musselburgh) will succeed in obtaining at least its share of the home market in the current year and will be able to stand up to com-



"It is a source of pride to your Board and to our staff that the Royal London continues with its outstanding bonus record"

Extracts from the annual statement of Mr. T. Cowman, Chairman

- * I am pleased to report that at the beginning of this year the qualifying period for our Special Final Bonus was again extended by one year, and that the Interim Bonus rates in both Branches have been maintained.
- * Some proponents of nationalisation argue that it is necessary for institutional funds to be compulsorily channelled into areas decided by Government. Direction of investment cannot be in the best interests of policyholders. Inevitably, investment forced into unprofitable projects would diminish the returns on the savings entrusted to life offices by the policyholders.
- * It is in the interest of everyone for the economy to return to an even keel as quickly as possible. I recognise the political difficulties in satisfying the various interests, but it is my belief that we can no longer afford the luxury of sectional manoeuvring. Our problems are as critical in many aspects as they were during the war, when party politics and ideologies took a back seat in the national interest.
- * I am glad to report that the efforts of our staff to increase premium income have achieved a welcome measure of success.
- * The Society's total net income increased from £62 millions in 1975 to £70 millions in 1976. At the end of 1976 the total funds (including investment reserve funds) amounted to £426 millions.
- * The previous year's high rate of increase in Industrial Branch new business was, I am pleased to say, maintained in 1976. The new annual premium value of £4,219,000 was over 21 per cent above that of the previous year. In the Ordinary Branch, the new premiums were £2,878,000 being 9 per cent more than those in 1975. In the General Branch the premium income increased to £5,090,000 a 16 1/2 per cent increase over 1975.
- * The Society has a very wide range of contracts in the Ordinary Branch, and an appropriately 'compact' prospectus in the Industrial Branch to meet the protection and saving needs of our home service policyholders. The Board recognise that it is in the best interests of both policyholders and staff for our representatives to be thoroughly versed in all aspects of our products. Accordingly much time and effort has been devoted to consolidating and improving our training programmes.

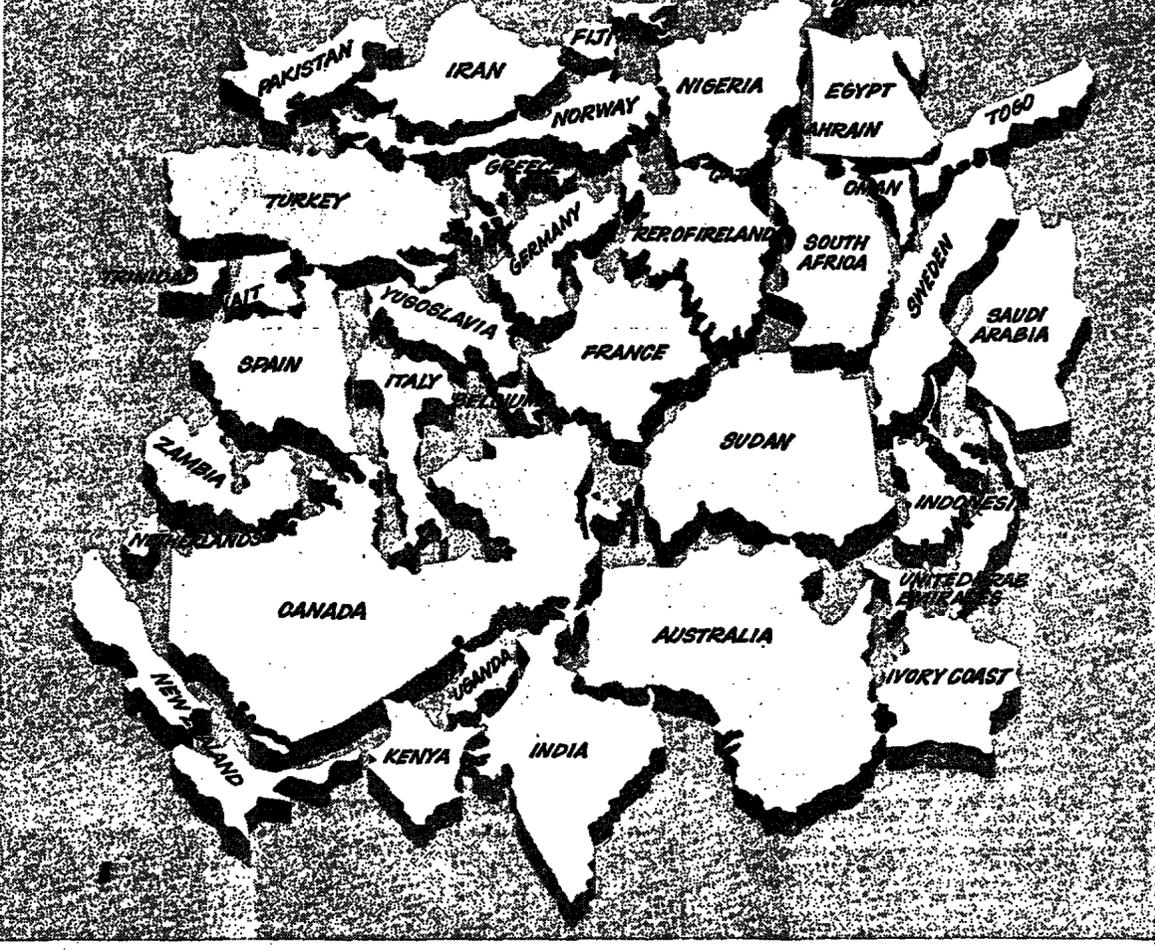
THE ROYAL LONDON MUTUAL INSURANCE SOCIETY LIMITED,
Royal London House, Finsbury Square, London EC2A 1DP.

COUNTER-INFLATION ACT 1973

The Treasury have given consent to the declaration by the following companies of dividends of the total amounts specified for the financial years ending on the specified dates:

The Viscose Development Co Ltd.	Croydon	£123,493	31.12.76
M. Mole & Son Ltd.	Newport	£13,269	31.12.76
Black & Edgington Ltd.	Port Glasgow	£809,114	31.12.76
George Spencer Ltd.	Basford	£204,701	31.12.76
Boddingtons Breweries Ltd.	Manchester	£806,212	31.12.76
The Savoy Hotel Ltd.	London WC2	£374,529	31.12.76
Brown Brothers Corporation Ltd.	Harlow	£370,372	31.12.76
Ladbroke Group Ltd.	London NW10	£2,251,897	28.12.76
Home Counties Newspapers Ltd.	Luton	£134,415	31.12.76
British Mohair Spinners Ltd.	Bradford	£434,982	31.12.76
Corah Ltd.	Leicester	£452,366	31.12.76
Percy Lane Group Ltd.	Tamworth	£201,277	31.12.76
Desoutter Brothers (Holdings) Ltd.		£690,915	31.12.76
Peaschey Property Corporation Ltd.	London W2	£222,590	24.6.76
Coral Leisure Group Ltd.	London W1	£2,343,997	30.12.76
Nixconcrete (Holdings) Ltd.	Northampton	£402,890	30.11.76
Grovebell Group Ltd.	Kington-upon-Thames	£18,461	30.11.76
Aurora Holdings Ltd.	Sheffield	£491,970	31.12.76
Harrison & Sons Ltd.	High Wycombe	£131,116	31.12.76
Essex and General Investments Ltd.	Ruislip	£119,688	31.12.76
The Bowerer Corporation Ltd.	London SW1	£16,015,688	31.12.76
Rowntree Mackintosh Ltd.	York	£4,860,000	1.1.77
Hanger Investments Ltd.	Birmingham	£57,123	31.12.76
Matthews Wrightson Holdings Ltd.	London EC3	£2,244,118	31.12.76
Rubero Ltd.	London WC1	£235,623	2.1.77
Taylor Woodrow Ltd.	London W1	£2,177,893	31.12.76
Royal Worcester Ltd.	London W1	£530,117	31.12.76
Brent Chemicals International Ltd.	Iver	£241,480	31.12.76
The Lafarge Organisation Ltd.	Windsor	£172,369	2.1.77

Published by the Treasury as required by the above Act





ITEL CORPORATION
San Francisco, California

Revenues

1976	\$ 260,100,000
1975	\$ 204,000,000
1974	\$ 143,500,000
1973	\$ 108,500,000
1972	\$ 40,500,000

Net Income

1976	\$ 16,100,000
1975	\$ 10,700,000
1974	\$ 9,700,000
1973	\$ 5,600,000
1972	\$ 1,700,000

Balance Sheet Highlights 31.12.76

Cash and Securities	\$ 44,700,000	Senior Debt	\$ 239,800,000
Leased Equipment	\$ 249,900,000	Subordinate Debt	\$ 45,700,000
Total Assets	\$ 474,700,000	Equity	\$ 185,400,000

European Presence

ITEL International (Europe) Corporation (London Office)
One Grosvenor Place, London SW1

ITEL Belgium	ITEL Italia SpA
ITEL France S.A.	ITEL Netherlands B.V.
ITEL Deutschland Int. Syst. GmbH	ITEL Leasing A.G.

ITel (U.K.) Limited,
238/246 King Street, LONDON, W6 0RE
Tel: 01-741 1482

Copper-Neill's 1976 export territory.

An impressive picture when it's put all together — our 1976 export drive to 40 countries where Copper-Neill had significant contracts during the year.

The list of Copper-Neill export countries grows all the time. The world wants what Copper-Neill makes.

Our site construction and erection services made the most significant contribution but smaller companies within the Copper-Neill Group, also scored export successes. For example, one customer in New Zealand recently bought a £100,000 bottling plant from UD Engineering Co. who exported also to customers in Greece, the Middle East and far-off Fiji.

Copper-Neill Limited, Warrington, Cheshire, WA1 4AU Telephone (0925) 812525 Telex 628382



Copper-Neill
Pipework, storage, materials handling and process plant for world industry.

SHARE DISCLOSURES

Meyer has 10.69% of Intl. Timber

International Timber Corporation has asked for a meeting with... Meyer has 10.69% of Intl. Timber... Shareholdings include: Spongy and Co. BSR holds 118,000 (9.8 per cent) Ordinary...

London and Manchester Assurance is interested in 473,500 Ord. shares (7.92 per cent)... London and Lennox Investment Trust Commercial Union Assurance holds 420,000 shares (3.5 per cent)...

BIDS AND DEALS

Land & House

Friends' Provident Life Office is making an agreed cash bid for Land and House Property Corporation... The Board of Land and House, which with family stakes represents 27.3 per cent of the equity...

Vantona Group Limited

ANOTHER YEAR OF GROWTH Pre-tax profit up by 51% Earnings per share up by 45%

Table with 3 columns: YEAR ENDED 28th NOVEMBER, 1976, 1975, 1974. Rows include Turnover, Pre-Tax Profit, Extraordinary Profit (Net), Available for Ordinary Shareholders, Earnings per share, Dividend per share, Net Assets per share.

Product Brand Names Vantona, Horrockses, Chortex, Bevis, Diana Cowpe, Ewart Liddell, Wardle, Everwear, Spirella and Epatra

Copies of Chairman's Statement and Accounts are available from: Bank House, Charlotte Street, Manchester M1 4ET

Henry Boot

Highlights from the Annual Report and Accounts for 1976 and points from the Statement by the Chairman, Mr. E. H. Boot

Final dividend of 5.7225p per Ordinary Share recommended making a total of 8.2225p. Construction achieved an excellent result with profit again increased and order book also at record level.

SALIENT FIGURES

Table with 2 columns: 1976, 1975. Rows include Turnover, Profit before taxation, Taxation, Profit attributable to members, Ordinary Dividend, Earnings per 50p Ordinary Share, Total dividend per Ordinary Share.

Copies of the Report and Accounts obtainable from the Secretary, Henry Boot & Sons Limited, Banner Cross Hall, Sheffield S11 9PD.

CONSTRUCTION ENGINEERING FINANCE JOINERY PLANT PROPERTY

The Huntleigh Group Limited

"The Group made further gains, to achieve record sales and earnings, in the year under review. The second half performance exceeded, by a good margin, the first half performance and, over the year, the Group did better than the interim forecast."

COMPARATIVE FIGURES

Table with 3 columns: 1976, 1975, Restated. Rows include Turnover, Profit before Tax, Profit after Tax, Dividends per share, Earnings per share, Net Tangible Assets per share.

The Annual General Meeting of the Company will be held at the Abercorn Rooms, London EC2 2 at 12 noon on Thursday, 19th May, 1977.

HAGGAS

(Textiles) Third Quarter Statement

Table with 3 columns: 9 months ended 31st March 77, 9 months ended 31st March 76, Year ended 30th June 1976. Rows include Group Sales, Depreciation, Profit before Taxation, Unaudited.

JOHN HAGGAS LIMITED

Blagden & Noakes (Holdings) Limited

Table with 2 columns: 1976, 1975. Rows include Turnover, Profit before Taxation, Profit after taxation and minorities, Earnings per share.

Extracts from the statement by the Chairman, Mr. J. K. Noakes, for the period to January 2, 1977.

1976 was a most successful trading year with Group turnover up for the 53 weeks by 29.0% over the previous 52 weeks resulting in an increase of 57.2% in trading profit.

Although we are constantly seeking suitable new acquisitions we are highly selective in our criteria for companies to purchase and no additions were made to the Group during 1976. The search continues.

FUTURE PROSPECTS

We have budgeted for continued progress in the Container and Plastics Divisions and for more modest improvements in Chemicals and Protective Equipment.

Profits for the first two months of 1977 show a marked increase on the same period of last year and our liquid position remains strong.

CAMELLIA INVESTMENTS

Table with 2 columns: 1976, 1975. Rows include Turnover, Net Profit.

After exceptional credits of £109,196 (1975—£681,389), taxation of £63,189 (1975—£25,473), and pre-acquisition losses—nil (1975—£179,192).

Table with 2 columns: 1976, 1975. Rows include Net earnings per share, Dividend (net per share).

A year which once again was marked by progress in the development of our existing interests... and we firmly believe that the future will justify our expenditure in the selective expansion of our portfolio of investments.

Gordon Fox, Chairman

Camellia Investments Limited, 9 Queen Street Mayfair, London W1X 7PH

NEW ISSUE

All of these Bonds having been sold, this announcement appears as a matter of record only.

APRIL 21st, 1977



Alcan Australia Limited

(Incorporated in the State of Victoria, Australia)

US \$25,000,000 8 1/2% Bonds due 1989

Issue price 100% per cent plus accrued interest

Swiss Bank Corporation (Luxembourg) Limited

Deutsche Bank Aktiengesellschaft

Morgan Stanley International

Al Ahli Bank of Kuwait (K.S.C.)	Algemeine Bank Nederland N.V.	A. E. Ames & Co., Limited	Amex Bank Limited
Amsterdam-Rotterdam Bank N.V.	Arab Finance Corporation s.a.l.	Arab Financial Consultants Company S.A.K.	
Arnhold and S. Bleiholder, Inc.	Banca Commerciale Italiana	Banca del Gottardo	Banca della Svizzera Italiana
Banca Nazionale del Lavoro	Bankers Trust International Limited	Bank of America International	The Bank of Bermuda Limited
Bank Heusser & Cie AG	Bank in Liechtenstein AG	Bank Julius Baer International Limited	Bank Leu International Ltd.
Bank Mees & Hope NV	Bank- und Finanzinstitut	Banque Bruxelles Lambert S.A.	
Banque Française du Commerce Extérieur	Banque Générale du Luxembourg S.A.	Banque de l'Indochine et de Suez	
Banque Internationale à Luxembourg S.A.	Banque Nationale de Paris	Banque de l'Union Européenne	
Banque de Neufville, Schlumberger, Mallet	Banque de Paris et des Pays-Bas	Banque de Paris et des Pays-Bas (Suisse) SA	
Banque Louis-Dreyfus	Banque Populaire Suisse S.A. Luxembourg	Banque Worms	Baring Brothers & Co., Limited
Bayerische Hypothek- und Wechsel-Bank	Bayerische Landesbank Girozentrale	Bayerische Vereinsbank	
Joh. Berenberg, Gosseler & Co.	Berliner Handels- und Frankfurter Bank	Blyth Eastman Dillon & Co. International Limited	
Breitsch Pilschof Schöller	Brown Hartman & International Banks Ltd.	Caisses Centrales des Banques Populaires	
Chase Manhattan Limited	Christiania Bank og Kreditkasse	Citibank International Group	Commerzbank Aktiengesellschaft
County Bank Limited	Creditanstalt-Bankverein	Credit Commercial de France	Credit Industriel et Commercial
Credit Lyonnais	Credit du Nord	Credit Suisse White Weld Limited	Credito Italiano
Richard Daus & Co. Bankiers	Den Danske Bank at 1871 Aktieselskab	Den norske Creditbank	
Dillon, Read Overseas Corporation	Dominiot Securities Limited	Dresdner Bank Aktiengesellschaft	
Effektenbank-Warburg Aktiengesellschaft	E. F. Hutton & Co. N.V.	Euromobiliare S.p.A. Compagnia Europea Interbancaria	
European Banking Company Limited	First Boston (Europe) Limited	Robert Fleming & Co. Limited	
Genossenschaftliche Zentralbank AG - Vienna	Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft		
Goldman Sachs International Corp.	Greenfields Incorporated	Groupement des Banquiers Privés Genevois	
Hambros Bank Limited	Hessische Landesbank-Girozentrale	Hill Samuel & Co. Limited	Isituto Bancario San Paolo di Torino
Kansallis-Osake-Pankki	Kidder, Peabody International Limited	Kleinwort, Benson Limited	Kreditbank N.V.
Kreditbank S.A. Luxembourg	Kuhn, Loeb & Co. International	Kuwait Financial Centre (S.A.K.)	
Kuwait Foreign Trading, Contracting & Investment Co. (S.A.K.)		Kuwait International Investment Co. s.a.k.	
Kuwait Investment Company (S.A.K.)	Lazard Brothers & Co., Limited	Lazard Frères & Cie	
Liechtensteinische Landesbank	Lloyds Bank International Limited	Manufacturers Hanover Limited	
McLeod, Young, Weir & Company Limited	Merrill Lynch International & Co.	Morgan Grenfell & Co. Limited	
Nesbitt, Thomson Limited	Neue Bank	The Nikko Securities Co., (Europe) Ltd.	Nomura Europe N.V.
Nordfinanz-Bank Zuerich	Orion Bank Limited	Pierston, Hedrling & Pierson N.V.	Post-och Kreditbanken, PKBanken
Privatbanken Aktieselskab	Rahn & Bodmer	Rothschild Bank AG	
N.M. Rothschild & Sons Limited	Salomon Brothers International Limited	Samuel Montagu & Co., Limited	
A. Sarasin & Cie.	Saudi Arabian Investment Company, Inc.	J. Henry Schroder Bank AG	
J. Henry Schroder Wagg & Co. Limited	Skandinaviska Enskilda Banken	Smith Barney, Harris Upham & Co. Incorporated	
Société Bancaire-Barclays (Suisse) S.A.	Société Générale	Société Générale de Banque S.A.	Union Bank of Finland Ltd.
Union Bank of Switzerland (Securities) Limited		Verband Schweizerischer Kantonalbanken	
Vereins- und Westbank Aktiengesellschaft	J. Vontobel & Co.	S. G. Warburg & Co. Ltd.	
Westdeutsche Landesbank Girozentrale	Wood Gundy Limited	Yamatichi International (Europe) Limited	

FINANCIAL AND COMPANY NEWS

CREDIT SUISSE

Credit offered in solidarity move

BY JOHN WICKS

THE OFFER of a standby credit of Sw.Frs.3bn. to Credit Suisse in connection with the losses of the bank's Glisasso branch posed a question as to the financial health of the Zurich big bank. But Credit Suisse has said categorically that it does not need the money. It appears that the Swiss National Bank and the two other big banks wanted to show solidarity by the offer of the credit and Credit Suisse has expressed gratitude for the gesture.

It remains to be seen whether the announcement of the standby credit was not superfluous, there being no immediate requirement for the sum or anything like it. Initially, the offer would seem to have had more of a counter-productive effect in that a new and very large amount was named in direct connection with Credit Suisse.

A look at the structure of the bank certainly indicates that Credit Suisse can bear a pretty hefty jolt without really becoming financially embarrassed. It is always assuming that the off-putting of a large part of the sum misdirected to Liechtenstein will keep the final net loss at a manageable level.

Swiss Credit Bank—generally known internationally by its French name Credit Suisse—is one of Switzerland's big three. Established over 120 years ago in connection with the financing of the railway system, it is today the country's third largest bank after Swiss Bank Corp. and Union Bank of Switzerland.

At the end of 1976 its balance sheet total was Sw.Frs.41.65bn. amount was named in direct connection with Credit Suisse. The statutory reserves of Sw.Frs.44bn. and other reserves at Sw.Frs.1.155bn. Over and above these figures there are substantial unpublished reserves.

Last year, the bank booked a record net profit of Sw.Frs.201m., from which it paid unchanged dividends of Sw.Frs.80 gross per bearer share and Sw.Frs.18 per registered share, plus half-dividends on entered new capital. Profits were up 10 per cent for the first quarter of 1977, it was announced yesterday when Credit Suisse said the Glisasso affair would not alter its dividend policy.

On the capital market, Credit Suisse has eight outstanding straight-bond loans maturing between 1979 and 1983, as well as a Sw.Frs.120m. option loan dating from 1975 and maturing in 1987. It also has 15 subordinated loans totalling a nominal Sw.Frs.27m. of the form of Schweizerische Bodenkredit-Anstalt, Zurich, which Credit Suisse took over last year.

In 1976 the bank's Nassau subsidiary Credit Suisse (Nassau) issued a convertible debenture loan of \$100m. convertible into parent-bank shares. The parent bank also has 18 medium-term notes issues worth a total of Sw.Frs.4.57bn. outstanding.

The bank operates 100 branches in Switzerland and subsidiaries, branches and representative offices abroad. Its foreign subsidiaries include Credit Suisse (Luxembourg) with equity exceeding Sw.Frs.1.5bn. and Credit Suisse (Bahamas) with equity of \$US22.2m.

Dividend rise at Hoechst Schering payout unchanged

BY GUY HAWTIN

FRANKFURT, April 26.

TO-DAY HOECHST, the largest of the chemical industry's "big three," announced that it is recommending an increase in dividend from 1976's 14 per cent to 16 per cent. This follows last week's statement from BASF that it was proposing an increase in dividend from 14 per cent to 17 per cent.

In contrast, Schering—the much smaller West Berlin chemicals and pharmaceutical group—has announced that it will recommend an unchanged 20 per cent dividend for 1977. Admittedly a 20 per cent payout is about as high as most West German companies are prepared to go for their shareholders and nobody is likely to be disappointed with the dividend.

Schering's 1976 earnings have not shown the huge improvement reported by BASF and Hoechst, the annual meeting of which takes place on June 7. The company announced the increase following an increase in the parent's net earnings from 1976's DM238.9m. to DM268.1m. (290.4m.). The dividend of DM3 per DM50 nominal share will push up the distributed profits from DM238.9m. to DM258.7m. At the same time DM21.4m. will be allocated to reserves compared with nothing the previous year.

Doubts on W. German rates

BY ADRIAN DICKS

BONN, April 26.

INTEREST RATES in West Germany could show a slight increase towards the second half of this year, but the scope for movement may even then be limited to as little as half a percentage point, Dr. Johannes Voellig, deputy chairman of Westdeutsche Landesbank, said here today.

Speaking on the occasion of the bank's annual report, Dr. Voellig said it had strengthened its position in the international loans business, at the same time that the Euro-markets as a whole had shown increasing interest in long-term, fixed interest Deutsche marks credits.

Last year, Westdeutsche also expected to develop favourably, credit operations, and either as it had been in 1976: turn out to be more a matter of quality than of quantity.

Commission hearing on Montedison limit

BY PAUL BETTS

ROME, April 26.

THE CONTROVERSIAL Montedison affair is about to enter a new phase as the Italian parliament's budget commission starts a hearing this week on the future of the giant Milan-based chemicals and textiles conglomerate.

This follows the decision of Montedison's chairman, Giuseppe Ceasari, to resign from the company which has headed the firm for the past six years.

The parliamentary hearing is expected to result in an underground political battle between the ruling Christian Democrats and the opposition. The latter wants to preserve the "private" character of the conglomerate and the powerful Italian Communist Party, which has opened its own shareholdings in Montedison to the public, wants to increase the state holding.

The setting up of such a commission would effectively be a nationalisation of the conglomerate and a group, Italy's second largest enterprise after the Agnelli Fiat concern with a workforce of nearly 150,000 people, a turnover of about 1,500,000m. and which has accumulated debt of about 1,200,000m. The institutions will be asked to contribute to the group's debts at a guarantee its ambitious programme of investments.

AMERICAN NEWS

Deadline for Mobil offer

THE JAMES IRVINE Foundation has given Mobil Corporation until Friday to submit a new offer for Irvine Company higher than the \$302.5m. or 23 1/2 per cent offer of Taubman-Alten-Irvine.

But if Mobil submits a higher offer, the Taubman group will be given a chance to outbid Mobil. The James Irvine Foundation, Irvine Company's majority owner, had planned to seek court approval yesterday of the Taubman group bid.

In giving Mobil until Friday to make a new offer, the foundation rejected the company's request that Irvine delay a decision on the Taubman offer for three months.

Shell Oil reports profits fall

SHELL OIL Company yesterday joined several other major oil companies—including Exxon, the world's biggest in reported profits for the first quarter of the year.

The company's net earnings were reduced 16 per cent, to \$109m., from \$202m. in the same period last year.

Refining a sharp division of oil company experience, increased profits for the first quarter have been reported by a number of major companies, including Atlantic Richfield (ARCO), where a rise approaching 9 per cent in net earnings to \$145.3m. from \$133.7m. was partly due to a recovery in foreign demand for West German exports and in a recovery in private consumption.

Standard Oil Indiana's net profit was 15 per cent, up at \$244.2m., against \$212.3m. The gain came in spite of the company's inability to recover in the first quarter of the year.

On the favourable side, the company said, were "improved foreign downstream operations, increased overseas production of crude oil, natural gas liquids and natural gas, and higher domestic natural gas prices."

In the first quarter of 1976, net earnings inched a charge of \$77m. for estimated 1977, associated with the suspension of a joint-venture copper project in Zaire.

Increased profits at ARCO, Amerada Hess, Standard Oil (Indiana) and Getty Oil, contrast with the lower profits reported recently by Gulf and Standard Oil of Ohio.

Particularly sharp gains were seen at Amerada, where net earnings rose 60 per cent, to \$70.9m. from \$44.2m. in the same period last year, and at Getty, where a rise of 42 per cent, to \$81.8m. from \$57.6m. was associated with the start of crude oil sales from the Piper field in the British sector of the North Sea. "Improved domestic marketing" and higher natural gas prices.

Standard Oil Indiana's net profit was 15 per cent, up at \$244.2m., against \$212.3m. The gain came in spite of the company's inability to recover in the first quarter of the year.

On the favourable side, the company said, were "improved foreign downstream operations, increased overseas production of crude oil, natural gas liquids and natural gas, and higher domestic natural gas prices."

SELECTED EURODOLLAR BOND PRICES

STRAIGHTS	offer	ask	offer	CONVERTIBLES	ask	offer
Alcan Australia 8 1/2% 1989	100	101 1/2	101 1/2	American Express 4 1/2% 87	83	83
Australia 8 1/2% 1989	100	101 1/2	101 1/2	Asahi 4 1/2% 1987	84	84
Canada 8 1/2% 1989	100	101 1/2	101 1/2	Banque Paribas 4 1/2% 1987	84	84
France 8 1/2% 1989	100	101 1/2	101 1/2	Banque Paribas 4 1/2% 1987	84	84
Germany 8 1/2% 1989	100	101 1/2	101 1/2	Banque Paribas 4 1/2% 1987	84	84
Italy 8 1/2% 1989	100	101 1/2	101 1/2	Banque Paribas 4 1/2% 1987	84	84
Japan 8 1/2% 1989	100	101 1/2	101 1/2	Banque Paribas 4 1/2% 1987	84	84
Netherlands 8 1/2% 1989	100	101 1/2	101 1/2	Banque Paribas 4 1/2% 1987	84	84
Spain 8 1/2% 1989	100	101 1/2	101 1/2	Banque Paribas 4 1/2% 1987	84	84
Sweden 8 1/2% 1989	100	101 1/2	101 1/2	Banque Paribas 4 1/2% 1987	84	84
Switzerland 8 1/2% 1989	100	101 1/2	101 1/2	Banque Paribas 4 1/2% 1987	84	84
UK 8 1/2% 1989	100	101 1/2	101 1/2	Banque Paribas 4 1/2% 1987	84	84
USA 8 1/2% 1989	100	101 1/2	101 1/2	Banque Paribas 4 1/2% 1987	84	84

London Life A successful 170th year.

In his statement on 1976, the President of the London Life Association Limited, Sir Humphrey Pridoux, included the following comments:

"One of the worst features of (1976) has been the growing pressure on the disposable income of the managerial, professional and self-employed classes from which much of our membership is drawn.

"In the circumstances, it is pleasing to record that the increase in total new business in 1976 compared well with that of other offices. Indeed, if the declining business with the Federated Superannuation System for Universities is ignored... our rate of new business growth was above the average of other offices.

"The transfer of policyholders from the FSSU into the new privately-funded Universities Superannuation Scheme continues inevitably to affect our new business totals. This development has been long foreseen and we have carefully planned for its consequences. We are making arrangements with U.S.S. for transferred policies to be surrendered on terms we have specially quoted and for total surrender values to be paid into our Managed Fund over the next three years. I can repeat my assurance of last year that the running down of FSSU will be in no way detrimental to existing or potential members of the London Life.

"In my Statement last year I mentioned that we had introduced a new type of Pension Annuity policy. I am pleased to report that this new policy has proved to be highly competitive and a very popular addition to our range of contracts.

"Capital Transfer Tax has been with us for about two years; many of our members... are taking advantage of two types of policy which are especially well-suited to provide funds to pay CTT. The first is the Capital Safeguard Scheme. The second is our old friend the Reduction of Premium policy designed as long ago as 1806. Properly written, these policies can accumulate funds which will themselves be free from CTT.

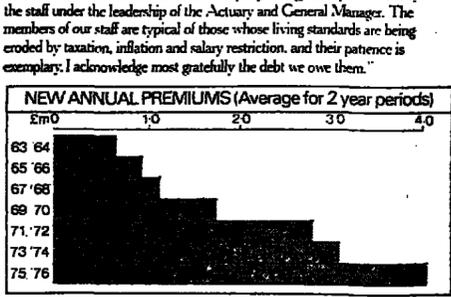
"Despite the uncertain economic outlook, the capital value of our stock exchange investments was well maintained... The interest rates earned on the funds were increased, despite last year's writing-up of investment values.

"A notable achievement was the completion of the office property at Clement's Inn on the Strand, and its sale for £13 million....

"As in previous years we have made a transfer from the investment Reserve to boost the surplus for the bonus declarations... I am confident that the amounts we are retaining in reserves are quite adequate to ensure the

maintenance of future bonuses at the rates now declared, provided interest earnings and capital appreciation keep up reasonably in the long term and inflation is brought under control.

"The one constant factor has been the loyalty, energy and quiet efficiency of the staff under the leadership of the Actuary and General Manager. The members of our staff are typical of those whose living standards are being eroded by taxation, inflation and salary restriction, and their patience is exemplary. I acknowledge most gratefully the debt we owe them."



The London Life Association is pleased to announce the following bonus rates for the year commencing 1st July 1977:

Reduction of Premium System
For policies in the 68th or earlier Series, i.e. Policies issued prior to the 1st July, 1975, an increase of 9 (1976: 10) in the rates of reduction of percentage allocation. For Policies in the 69th and 70th Series, an increase of 7 in the declared percentage rate.

Reversionary Bonus System
A compound Reversionary Bonus of 4.60% (1976: 4.60%) (including compound bonus deferred annuities in the General Annuity Fund and Pension Bonus Fund).

Simple Bonus—Pension Business
A Simple Bonus of 7.70% (1976: 7.50%).

For a copy of the Association's Report and Accounts for 1976, together with information about the range of policies offered, please send the coupon.

London Life 170 years of Service and Security

To: The Secretary, The London Life Association Limited, 81 King William Street, London EC4N 7BD

Please send me the Report and Accounts for 1976.

Name: _____

Address: _____

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leading bank
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Libor and the Rep
of interest is a
guarantee of the
and also that of
Organ
Development in
GOD
Sw.Frs.4.57bn. outstanding.
The bank operates
branches in Switzerland and
subsidiaries, branches and rep
representative offices abroad. Its
foreign subsidiaries include
Credit Suisse (Luxembourg)
with equity exceeding Sw.Frs.1.5bn.
and Credit Suisse (Bahamas)
with equity of \$US22.2m.

Commission hearing on change in limit
BY PAUL BETTS
ROME, April 26.
THE CONTROVERSIAL Montedison affair is about to enter a new phase as the Italian parliament's budget commission starts a hearing this week on the future of the giant Milan-based chemicals and textiles conglomerate.
This follows the decision of Montedison's chairman, Giuseppe Ceasari, to resign from the company which has headed the firm for the past six years.
The parliamentary hearing is expected to result in an underground political battle between the ruling Christian Democrats and the opposition. The latter wants to preserve the "private" character of the conglomerate and the powerful Italian Communist Party, which has opened its own shareholdings in Montedison to the public, wants to increase the state holding.
The setting up of such a commission would effectively be a nationalisation of the conglomerate and a group, Italy's second largest enterprise after the Agnelli Fiat concern with a workforce of nearly 150,000 people, a turnover of about 1,500,000m. and which has accumulated debt of about 1,200,000m. The institutions will be asked to contribute to the group's debts at a guarantee its ambitious programme of investments.

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WOODSIDE PETROLEUM
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100 Regent Street 752 0522
Care of Alton House, 1792 Spott
Street, London W1A 1LW
Group of Johnnie Macgregor & P
GANGWAY, 85 Dean Street, London
W1D 3HU
THE GREAT BRITISH SYMPHONY
Mon-Fri 10.00-11.00 AM
Mon-Fri 10.00-11.00 AM

INTERNATIONAL FINANCIAL AND COMPANY NEWS

السؤال الأول

Euroloan guarantee for Egypt criticised

BY FRANCIS CHILES

THE CENTRAL BANK OF Egypt was unlikely that there will be another loan of this type in 1977. The loan agreement with a group of international banks led by Chase Manhattan Ltd. The syndicate includes leading banks from Europe and the Middle East but very few from the U.S. The rate of interest is 1 per cent over Libor and the loan carries a guarantee of the Republic of Egypt and also that of the recently formed Gulf Organisation for Development in the Republic of Egypt (GODE). The shareholders are the Government of Saudi Arabia, Kuwait, Qatar and the United Arab Emirates. GODE was created in 1976 by the four Governments which have subscribed \$2m. to it to date. This represents the first Euroloan for Egypt guaranteed by GODE. Egypt's Deputy Prime Minister, Dr. El Koussoud, said that it

solicitors might well decline to give an opinion on the effectiveness of that contractual waiver because of the principle of English law. Thus the value of the sovereign guarantee is not absolute and similar uncertainties might bedevil the guarantee of organisations such as GODE. Such doubts resulted last January in a proposed \$500m. loan to the supranational Comecon Bank IBEC not being consummated. But Sheikh Abdul Aziz Al Du Khell, Deputy Minister of Finance and National Economy of Saudi Arabia and Chairman of the Board of Executive Directors of GODE, discounted such fears and insisted there was not the slightest chance of GODE not meeting its obligations.

EAB assets expand by 21% to DM1.1bn.

BY GUY HAWTIN

FRANKFURT, April 26

TOTAL ASSETS of the Hamburg-based Europäischer Asiatische Bank rose by 21 per cent last year to DM1.085bn, while the bank's business volume put on 25 per cent to reach DM1.1bn. (\$411.5m.). Despite heavy pressure on interest margins, net interest income rose 19 per cent to DM23m. and net profits went up from the previous year's DM3.6m. to DM5.8m. The bank, which is jointly owned by seven European banks — the Amsterdam-Rotterdam Bank, Banca Commerciale Italiana, the Creditanstalt-Bankverein of Austria, the Deutsche Bank, the Midland Bank, Societe Generale de Banque of Belgium and Societe Generale de France — is to pay an unchanged 10 per cent dividend on the doubled DM56m. nominal share capital. According to the bank's statement on the annual report, the bank's South-East Asia network was further extended in the first quarter of 1977. The go-ahead was given for an offshore bank-

New camera range to boost Rollei Group recovery

BY H. F. LEE

SINGAPORE, April 26

THE ROLLEI GROUP of Germany expects to turn around from the massive losses sustained over the past few years in 1978 with the introduction of a new range of cameras and consolidation of its activities in Singapore. This was disclosed by the group's chairman and chief executive, Mr. Peter Peperzak. Although it chalked up a loss amounting to DM35m. in 1976, the group's performance was much better than expectations. Rollei had originally budgeted for a loss of some DM45m. last year on a reduced total workforce of 4,000 workers in both Germany and Singapore. However, the anticipated reduction in the workforce did not materialise and Rollei maintained its employment at 6,000 workers and doubled sales in its first year of operation. In January this year another joint venture with J. J. Jensen entered into with Rollei and Jensen became operational standards. Sales turnover in 1976 also improved markedly by 13 per cent, compared to the industry's average of only 7.3 per cent. Group turnover will rise to DM230m. this year compared to DM214m. last year while losses are expected to be trimmed to between DM10m. to DM15m. Rollei's new camera to be introduced at the end of this year is a single lens reflex (SLR) camera with the fastest shutter speed of 1/2000 of a second. To capture a bigger share of the far east market which Mr. Peperzak said has the greatest potential next to the U.S. market, Rollei has set up joint trading ventures in the region. In April last year, Rollei South East Asia was set up in Singapore as a joint venture with the German trading company, Jensen and Jensen and this made a profit and doubled sales in its first year of operation. In January this year another joint venture with J. J. Jensen entered into with Rollei and Jensen became operational standards.

Change in investment rules to limit institutional strategy

BY OUR OWN CORRESPONDENT

JOHANNESBURG, April 26

IN LAST month's budget South Africa's Finance Minister, Owen Horwood, was forced to raise the country's savings institutions for additional funds in his attempt to avoid increasing either corporate or personal taxation. Of the total R760m. income that is expected to raise from these sources, R120m. will be tapped from the banks and R120m. from the building societies, leaving R520m. to be invested by the life offices and pension funds. The institutions have now had the opportunity to digest the full implications of the new requirements and the consensus of opinion is that there will not be much left out of cash flows for discretionary investment in property and equities. Pension funds are required to increase their investment in prescribed securities from 32 per cent to 65 per cent of their liabilities as at the end of March 1978. Of the 55 per cent, a half must be invested in government stock and half in other prescribed securities such as public corporation and municipal stocks. In the case of life offices the additional required investment is from 32 per cent to 35 per cent of their end-March 1975 liabilities. The institutions will have to make the new investment at the rate of an additional 1 per cent of their liabilities each quarter starting at end-September. As these additional invest-

ments will have to be made out of cash flows, the amount available for property and equities will remain severely restricted. However the crucial question is whether there will be more or less available than last year when the institutions were also used as a captive market and were requested to increase their investment in prescribed securities by 2 per cent of their total liabilities. The decisive factor is the rate of growth of the life assurance and pension fund industries as a whole. In the case of the pension fund movement, the contracting economy added to withdrawals by the growing number of workers becoming redundant are making earlier forecasts appear optimistic. However, the pension fund movement still expects to have about the same gross amount available for discretionary investment as last year. But it is the life offices who are currently depressed about the extra 3 per cent requirement. The Old Mutual, for instance, believes that the State has underestimated the likely growth rate of the life industry and could find itself pulling in substantially more funds than the budgeted requirement with consequently more severe effect on discretionary cash flows than originally contemplated. Faced with these heavy commitments to invest in prescribed securities, the institutions have

Jacobs to buy shares outstanding in Vabre

BY JOHN WICKS

ZURICH, April 26

JACOBS AG, of Zurich, the international headquarters of the Jacobs coffee group, announces that it has taken over the 50 per cent stake in Les Cafes Jacques Vabre SA, of Malsau-Afort, formerly held by the Dutch Douwe Egberts company. Jacobs already owned the remaining 50 per cent of Vabre, which is France's leading coffee roaster, and had a 1976 turnover equal to a 17 per cent share in the national coffee market. This move ends original plans for joint expansion of Jacobs and Douwe Egberts, which in recent years had led to the creation of joint ventures in the coffee field. In France, Switzerland and Denmark, Jacobs had taken over the Douwe Egberts share in the Danish company at the start of this month. Jacobs, which decided to set up an international coffee group alone after the failure of merger plans with Douwe Egberts, last year took over Nabob Foods in Vancouver and increased its capital from Sw.Frs.150m. to Sw.Frs.200m. at the end of 1976 to finance further expansion projects. DESPITE A further deterioration in underwriting profitability due to an increase in claims, Winterthur Swiss insurance company, of Winterthur, booked a rise in profits for 1976 to a net Sw.Frs.48.1m. (Sw.Frs.43.5m.). The Board recommends distribution of a dividend for the year of Sw.Frs.40 per share, compared with Sw.Frs.30 plus Sw.Frs.10 bonus for 1975. Overall premium income went up by 4.8 per cent last year to some Sw.Frs.1.68bn. and a rise in capital earnings cancelled out the higher underwriting loss and higher depreciation requirements. At the same time, the affiliated Winterthur life insurance company is to pay an unaltered Sw.Frs.70 dividend and pay an increased sum of Sw.Frs.167.2m. (Sw.Frs.147.6m.) into the insureds' profit-sharing fund. It has also been decided to increase the company's capital from Sw.Frs.20m. to Sw.Frs.30m.

Supermarkets' profits rise

BY OUR OWN CORRESPONDENT

TOKYO, April 26

JAPAN'S FOUR biggest supermarket chains achieved considerable profit gains in the 12 months ending February 1977. The gains were attributed, however, to a reduction in personnel costs and in interest payments. All the chain store groups except Jusco failed to meet their sales targets, the failure being attributed to sluggish domestic consumer spending. According to financial statements released 10-day, Jusco Co. recorded the largest gains in both profit and sales. Net profit rose 38 per cent to Y3,450m. Sales reached Y301,540m. up 25 per cent. Dai'ei Inc, the nation's largest chain store, increased its net profit by 17 per cent over the year to Y4,940m. and achieved a 12 per cent sales gain to Y78,490m. Seiyu Store Ltd., the second largest chain, increased its net profit 37 per cent as a result of profitable clothing sales at its newly opened bigger shops. Except for Dai'ei Inc, all three chain store groups managed to reduce their interest payment burden. Seiyu twice issued overseas convertible debentures and equities in the domestic market. Jusco issued European Depository Receipts as well as domestic equities. Nichii Co., registered a 35 per cent increase in its net profit by improving its merchandising system. Dai'ei Inc plans to open seven to 10 shops in the next 12 months (eight in previous terms). Seiyu store also plans to open seven to eight and Nichii Co. plans seven new shops. Thus, higher capital investments are expected in fiscal 1977 and all four groups will be stepping up their capital raising activities in both domestic and overseas capital markets. NONURA SECURITIES CO. LTD., reported a profit after tax of Y17,940m. for the first half ended March 31 against Y12,740m. in the same period of the previous year. Sales were put at Y90,870m. against Y80,260m. As before there is no interim dividend although Y7 was paid for the full year. Reuter

Dutch making new open-ended issue

BY PAULINE CLARK

AMID A strong surge of foreign investment in the guilders yesterday, the Dutch Government announced it was to issue a new open-ended offering on the bond market with a coupon rate a full 0.25 percentage points below its previous 84 per cent loan traded for the first time only a week ago. With a maturity extended by five years to 20 years, strong foreign demand is clearly anticipated. The Government's previous issue raised Fls.375m. and with strong speculation in the market yesterday, the guilders were ripe for revaluation. It was being traded about 50 cents higher than the previous day at Fls.102.30 against its issue price of par. Another new issue for Algemeene Bank Nederland—raising Fls.100m. via a capital bond at 83 per cent—for 20 years—was traded for the first time at Fls.102.70 against an issue price of Fls.101 per cent. One market trader, who claimed to have sold substantial amounts to former U.S. dollar investors and particularly to West German investors yesterday, explained that speculation in the guilders had increased in momentum to the extent that some quarters believed the Government may be forced to consider a revaluation of the currency. A further cut in the bank rate however was believed unlikely in view of the desire to see a relatively stable trend in Dutch interest rates. There were strong domestic reasons for this where lower mortgage rates in the past had contributed to a major rise in house prices.

Shares favoured by Israeli investors

BY L. DANIEL

TEL AVIV, April 26

ORDINARY SHARES, long considered second-best by the Israeli public, are at long last here, which quickly snowballed, coming into their own on the Tel Aviv Stock Exchange. Until now, the public had favoured government bonds, linked to the cost-of-living index, since these were considered a non-speculative, inflation-proof investment. But about a month ago, a flurry of buying began on the market, which quickly snowballed, instructions given in the light of the morning's results. It also caused the Stock Exchange authorities to issue a warning to the public not to be drawn into a speculative psychosis, which was particularly pronounced in regard to oil shares. Reuter

Major disposal made by Unisec

BY OUR OWN CORRESPONDENT

JOHANNESBURG, April 26

UNISEC, the large investment holding company formed from the merger of Slater, Walker Securities (SA) and the Unit Securities group of investment trusts, has pulled off another major cash disposal. It has sold its 56 per cent interest in Hortors, South Africa's largest printing group, to an unnamed consortium for 407 cents cash. R4.3m. and take the cash content back to over 20 per cent of net assets which total approximately 150 cents a share. That Unisec was able to find itself a buyer on such advantageous terms can primarily be

scribed to the buyers being willing to pay a premium of 10 per cent, South Africa and come through the Securities Rand Market where the discount is 41 per cent, compared to the official exchange rate. Unisec still has 3m. or 7 per cent of its shares held in the Kingdom. The more assets that Unisec turns into cash or near-cash, the greater the likelihood of it being on the receiving end of a bid itself. At the current price of 37 cents the shares yields a maintainable 11.8 per cent, and is at a 40 per cent discount to net worth.

Woodside to raise \$48m. by rights

BY OUR OWN CORRESPONDENT

WOODSIDE PETROLEUM premium, of which North West issue for about \$A20.5m. (formerly Woodside-Burmah Oil Shelf Development Pty is Woodside's chairman, Mr. J. G. Donaldson told the annual meeting in Melbourne yesterday that expenditure for 1977 would exceed \$A2m. a month and that the Shell Oil group has held cash in hand at the end of the December was \$A17m.

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The City of Winnipeg (CANADA) U.S. \$40,000,000 8 1/4% Debentures 1987 Issue Price 100.50% Wood Gundy Limited Deutsche Bank Aktiengesellschaft Richardson Securities of Canada Salomon Brothers International Limited Swiss Bank Corporation (Overseas) Limited

New Issue U.S. \$120,000,000 International Westminster Bank Limited Floating Rate Capital Notes 1984 Irrevocably and unconditionally guaranteed on a subordinated basis as to payment of principal and interest by National Westminster Bank Limited Orion Bank Limited County Bank Limited Credit Suisse White Weld Limited Banque Nationale de Paris Banque de Paris et des Pays-Bas Banque Populaire Suisse Girozentrale und Bank der Österreichischen Sparkassen Société Générale de Banque S.A. Union Bank of Switzerland (Securities) Limited Westdeutsche Landesbank Girozentrale

Up again as rally ends the decline Sw. franc weak

BY OUR WALL STREET CORRESPONDENT

STOCKS REVERSED a three-day falling wave and traded higher in fairly active trading. But buying was concentrated in the recently hard-hit "glamour" group. Analysts commented that the Administration's higher inflation projection and concern over...

Closing prices and market reports were not available for this edition. A possible tighter Federal Reserve Board policy continue to depress the market. The Dow Jones Industrial Index was up 3.49 at 915.04...

OTHER MARKETS

Canada mixed Share prices were mixed on Canadian markets in light trading. In Toronto, Maclean-Hunter "A" gained 25 cents to \$24.10...

Eastman Kodak, which dropped 4 points on Monday after reporting a 20 per cent decline in first quarter earnings, rose to \$90.10...

NEW YORK, April 26

The move to allay any fears about the future of the Swiss bank Credit Suisse appeared to be the opposite effect to that intended in the foreign exchange market yesterday. News that a standby credit facility of three billion Swiss francs had been made available to the bank...

OSLO—Banking and Shipping were quiet while Insurances and Industrials were easier. VIENNA—The market was irregular. COPENHAGEN—Stocks closed unchanged and Industrials irregular to slightly lower.

TOKYO—Prices eased throughout the day on liquidation of export-oriented Blue Chips in line with the sharp fall on Wall Street. The market averages both declined. Trading was inactive, with investors generally holding off in anticipation of an increase in the outstanding balance of buying in margin trading.

AMSTERDAM—Shares closed mixed in moderate trading. Above the day's lowest, Industrials were mixed, with Blue Chips and Industrials irregular to slightly lower.

AUSTRALIA—Energy stocks were firm on otherwise quiet market. Pancontinental rose to \$12.50 and Queensland Mines put on 8 cents to \$22.10. Among Industrials, the Walsley gained 6 cents to \$46.34. Comstock fell 5 cents to \$22.90.

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INDICES

Table with columns for Stock, High, Low, and Change. Includes sections for NEW YORK - DOW JONES, STANDARD AND POORS, and OVERSEAS SHARE INFORMATION.

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OVERSEAS SHARE INFORMATION

Table listing various international stocks with columns for Stock, Price, and Change.

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OVERSEAS SHARE INFORMATION

Table listing various international stocks with columns for Stock, Price, and Change.

Advertisement for Societe Generale Bankmaats, featuring a large 'Chalk' graphic and text about international banking services.

Handwritten note: 'Apr 27 1977'

Challenge to banks from Chicago's money market

By BRENDAN BROWN

ON MAY 16 Chicago's International Monetary Market (IMM) will celebrate its fifth birthday. It was created by the Mercantile Exchange (CME) whose trading floor it shares and is the first such market in the world. The IMM has introduced a central auction place alongside the traditional foreign exchange market conducted by telephone between banks. Its organisation is similar to that of the U.S. commodity futures markets. Currency contracts are bought and sold by open outcry. The IMM is aimed at traders who are unhappy with dealing through banks.

Anyone unfamiliar with currency trading would find a visit to the IMM. There he would see hogs and pork bellies traded on the same floor as Sterling and Swiss francs. Each week a CME committee decides on the basis of turnover how much space currencies are to be allotted. Recently, the Canadian Dollar succeeded in displacing the egg market from a trading pit.

Charges

The IMM trades currency futures contracts. They have standardised maturity dates—March, June, September and December—and are made with the Clearing House. An open position is closed by the trader matching his original contract with an identical one in the opposite direction. Profit (or loss) is paid (or payable) on the same day as closure—an important distinction from procedure in the bank forward exchange market where profit is paid only on maturity date. The exchange sets minimum margin and commission rates for contracts. Margins vary from 1 per cent for Canadian dollars to 30 per cent for Mexican pesos. In practice most brokers would insist on an initial 100 per cent deposit for pesos. Margin deposits may be made with U.S. Treasury Bills, and hence no interest penalty is incurred. The standard commission per contract for non-members is \$45, which is between 0.1 and 0.5 per cent of contract value. Members are charged half rates.

Flexibility is apparent in the pattern of charges. Commission rates are reduced by nearly half on day-trades (where a position is opened and closed on the same day), and on spreads between dates or related currencies (Swiss franc, guilder, Deutschemark). For example, if a trader sells June Swiss francs

and buys June Deutschemarks, he pays a total commission of only \$55. For large deals (nine contracts and more) rates are fully negotiable. In March, 1978, the price of gold and Swiss francs, and spreads between the two markets have been rare.

What determines the rise and decline of a currency contract's popularity is as mysterious as that of empires. From a peak of 9,196 in December, 1974, IMM members offer the facility of "omnibus accounts," whose owners remain a closely guarded secret. Anonymity is an important selling feature of the IMM, in contrast to the rival bank foreign exchange market. It is rumoured that behind the veil of omnibus account would be found wealthy OPEC investors, offshore interests, and even central banks.

Separation of dealer and broker function is an attractive feature of the IMM. Exchange rules prevent a member from trading with his clients—their orders must be executed with others, himself acting as intermediary. The CFTC (Commodity Futures Trading Commission) has proposed recently that members, who act as brokers should not even be permitted to trade for their own account. In the rival foreign exchange market a client trades with his bank as principal, and there may be doubt as to whose interest is at heart. The IMM can handle readily limit orders which are placed simply by a client with a member.

Eight currencies are presently traded in the IMM—the pound, Canadian dollar, Dutch guilder, Deutschemark, yen, Mexican peso, Swiss franc, and French franc. The Italian lira was traded from 1972-73, but was delisted due to their being insufficient interest. The size of contracts are Sterling £25,000, Guilder 125,000, Yen 12,500,000, DM 125,000, and Pesos 1,000,000.

Many exchange members believe the U.S. banks would be glad to see the demise of the IMM, and a cold attitude among Chicago bankers is indeed apparent. Continued growth of the IMM will depend on bank participation. Arbitrage between the interbank market and IMM is essential to the latter's depth. Banks have not bought seats on the exchange, and prefer arbitrage to be performed by their member clients. Consequently, the IMM suffers from narrowness. Large deals (20 contracts or more) may sometimes be difficult to execute, except at disadvantageous terms compared to the interbank market. Members whose credit lines are limited, and who face a bid-ask spread when dealing with banks—cannot always arbitrage away such differences. If banks used the

monthly average number of trades in French francs has declined to 300 this year. Trading in the Dutch guilder has become minimal: in 1973, 1,500 contracts were traded per month. Presently trading is active in the Canadian dollar, Deutschemark, yen, Mexican peso, and Swiss franc. The IMM illustrates market abhorrence of the dead hand of official intervention which limits exchange rate fluctuation. The pound and French franc market have been becalmed by it. In 1976 sterling was one of the most popular contracts: now it competes with the French franc for bottom place.

Open interest figures for the same date in other currencies were Sterling, 795, Dm 1,890, Fr 239, Yen 1,426, Peso 1,384, Swiss Fr. 1,311. Those near to the market certainly have confidence in its growth potential. The price of a seat on the IMM has escalated from \$20,000 to \$50,000 in the past two years. One third of the 650 seats are held as pure investments by owners who never trade.

Innovations in financial markets can be as momentous as in the physical sciences. The IMM has introduced a new foreign exchange dealing technology. One of its by-products is to greatly reduce the costs of small trades. The day may not be far off when statistics of open interest and turnover on the IMM will become compulsory reading for analysts all over the world.

IMM themselves, these periods of temporary narrowness would not occur. Any price differences would be eliminated by banks switching from the interbank market to the IMM to meet their clients' requirements.

Though the large banks may be scornful of the "doctors, lawyers, professors, and dentists" who now trade in the IMM, others welcome the opening up of the foreign exchange market to the smaller investor. It is widely believed that currency markets in the new floating era suffer from a dearth of speculators. Big institutions are handicapped by internal political considerations from assuming venturesome positions in the foreign exchange market. As yet, the IMM has not often been a leader of sentiment in the currency markets. Recently it has been a significant factor in the Canadian dollar market. By end-March there were 2,636 outstanding contracts (open interest) in Canadian dollars—about \$265m.

The Clearing House has done much to encourage arbitrage business, realising its vital role. It has instituted a Class B member category, whose activities are confined to arbitrage, and are therefore exempted from margin requirements. Members are reluctant to disclose information about their clients, but the impression is gained that some European banks arbitrage directly. Their activity is limited due to the IMM's hours of trading 8.45 a.m. to 1.10 p.m.—which often coincide with only one hour of European trading.

Handicap

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Republic National Bank of New York

Consolidated Statement of Condition

MARCH 31

ASSETS	1977	1976
Cash and due from banks	\$ 78,305,613	\$ 73,627,446
Interest bearing deposits with banks	361,005,674	314,082,110
Precious metals	35,084,721	39,668,568
Investment securities:		
U.S. Government obligations	115,012,313	59,177,816
Obligations of U.S. Government agencies	49,190,866	56,704,422
Obligations of states and political subdivisions	92,328,411	103,326,304
Other	122,070,097	37,124,587
Total investment securities	378,601,687	256,333,129
Federal funds sold	55,000,000	18,000,000
Loans, net of unearned income	916,012,296	689,805,568
Less allowance for possible loan losses	(14,641,503)	(10,864,901)
	901,370,793	678,940,667
Customers' liability under acceptances	112,685,002	76,919,708
Bank premises and equipment	13,579,324	13,332,737
Accrued interest receivable	35,618,818	28,719,500
Other assets	44,940,504	44,177,591
Total assets	\$2,016,193,236	\$1,543,801,456
LIABILITIES		
Deposits	\$1,612,636,635	\$1,253,150,889
Federal funds purchased and securities sold under agreement to repurchase	20,600,000	9,400,000
Other liabilities for borrowed money	2,458,153	3,921,208
Acceptances outstanding	113,473,030	77,891,277
Accrued interest payable	70,991,363	54,599,892
Other liabilities	16,116,838	17,287,560
6 1/2% - 8% Notes	808,000	808,000
STOCKHOLDERS' EQUITY		
Common stock	25,000,000	21,482,080
Surplus	78,136,582	45,050,511
Surplus representing convertible notes obligation assumed by parent corporation	12,500,000	12,604,000
Undivided profits	63,472,625	47,606,039
Total stockholders' equity	179,109,217	126,742,630
Total liabilities and stockholders' equity	\$2,016,193,236	\$1,543,801,456
Letters of credit outstanding	\$ 75,703,138	\$ 43,145,189

Fifth Avenue at 40th Street, New York, New York 10018
Member Federal Reserve System/Member Federal Deposit Insurance Corporation
New York • London • Nassau
19 offices in Manhattan, Brooklyn, Queens, & Suffolk County
An affiliate of TRADE DEVELOPMENT BANK HOLDING S.A. Luxembourg
Capital Funds including mortgage interest
in affiliated companies U.S. \$ 211,496,900
Total Assets U.S. \$ 2,016,193,236
(As of December 31, 1976)



Buenos Aires, Caracas, Chacao, Frankfurt, Geneva, Luxembourg, Manila, Mexico City, Montevideo, Panama City, Paris, Rio de Janeiro, Sao Paulo

Société Générale de Banque

Generale Bankmaatschappij



The Société Générale de Banque has just published its annual report which has been presented to the Shareholders' General Meeting on 26 April 1977

(in Belgian francs)	at 31/12/1975	at 31/12/1976	+°/o
Balance sheet total	510,041,808,600	586,842,158,319	+15,1
Deposits and cash certificates	309,342,753,469	359,289,276,065	+16,2
Banks' Deposits	144,010,847,729	166,839,624,016	+15,9
Credits to the private sector - provision of funds or signature	273,081,067,461	337,229,532,877	+23,5
Public bills and securities	147,016,838,980	165,720,382,462	+12,7
General overheads excluding corporation tax	13,549,976,762	15,810,251,946	+17,4

The gross cash flow has reached 4,429 million as against 3,451 million in 1975, an increase of 28,3%. After deduction of 733 million in corporation tax as against 625 million in 1975 and depreciation with respect to property, securities and claims which rose from 1,464 million to 2,241 million, net profit amounts to 1,454 million as

against 1,362 million in 1975. The Board of Directors proposed to the General Meeting that a net dividend of BF 189 be paid on the 4,995,477 existing shares as against BF 175 net the previous year on the 4,162,898 old shares and BF 43,75 net on the 832,579 new shares.

STRIKING DEVELOPMENTS IN 1976

Foreign Trade.

- Participation in the conclusion by Belgian firms of important contracts for exports to Saudi Arabia and Iraq.
- Credits for supplies of Belgian capital goods and engineering services to Algeria, France, Yugoslavia, South Korea and the USSR.
- Management or co-management of important international credits notably to Poland, Greece, Iraq and the Ivory Coast.

International Issues.

- Management of three loans representing a total of 80 million US dollars.
- Co-management of 42 issuing syndicates entailing a total sum of 1,900 million US dollars.
- Participation in the placement of 181 issues representing a total of 7,200 million US dollars.

Subsidiaries and representative offices.

- Sustained activity by subsidiaries and representative offices throughout the five continents and extension of

the international network with the opening of new branches, notably in France and Brazil:

- Opening of a representative office in Tehran.

EBIC

- Enlargement of the means of action of some of its affiliations held in conjunction with its partners in European Banks International (EBIC): European Asian Bank, Banque Européenne de Crédit (BEC) and Euro-Pacific Finance Corporation.

- Planning, with the American authorities, of a procedure for restructuring the two European American Banks in New York in order to regroup the two entities in a single bank holding company.

- Setting up in London of the European Arab Bank Limited, a subsidiary of European Arab Holding.

Techniques.

- Active participation by the bank in setting up the network of the Society for Worldwide Interbank Financial Telecommunication (SWIFT) for data processing in relations with foreign banks.



"Better communications is knowing how exchange rates are moving-minute by minute!"

Wherever modern communications relies on telex links - in offices, banks or defence ministries - the chances are that the machines themselves rely on rolls made by the Ozalid Group.

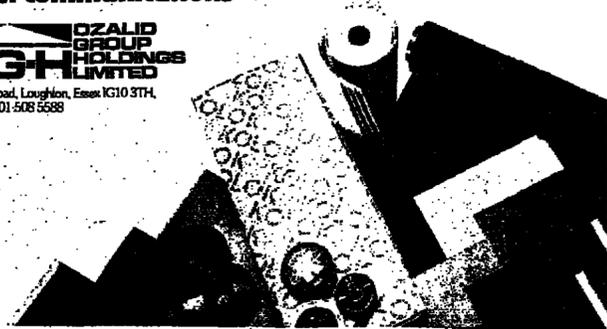
Backed with hectographic carbon, these rolls provide the most efficient way yet devised for copying and distributing vital information at high speed.

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FARMING AND RAW MATERIALS

Base metals drift lower

By Peter Bullen

METAL VALUES continued to drift down on the London Metal Exchange yesterday. Copper again set the trend. Prices moved downwards for most of the day, but a very small recovery brought cash wirebars up to £797 at the close—£5.75 down on balance.

News from the U.S. that copper producers and workers are to meet next week to exchange proposals on a new labour contract had little effect on the market.

With the Malaysian market losing ground overnight, the tin price ruled quiet for most of the day with standard cash metal down 520 at the close at £5.825 a tonne.

Despite some late afternoon perkiness in the lead market, cash lead still closed 57.5 down at £373.75 a tonne. A quiet zinc market ended with cash metal down 17.5 at £374.75 a tonne.

Earlier, the LME committee announced that it had elected Mr. I. E. J. Foster, of I. P. Thompson and Sons, as chairman to succeed Mr. Fred Wolf. Mr. Christopher Green and Gerry Metals (U.K.) was elected vice chairman.

New slant on farm machinery output urged

By Our Commodities Staff

BRITAIN'S FARM machinery manufacturers were urged yesterday to produce more of what farmers wanted by Mr. Robert Aitken, newly-elected president of the Agricultural Engineers' Association.

He told the association's annual lunch in London that, although the industry showed a favourable trade balance of £23.5m. last year—19 per cent. higher than in 1975—this was almost entirely due to tractors, engines and parts.

A less satisfactory trade balance on other agricultural machinery was largely due to a 39 per cent. rise in imports, from £76m. to £106m.

"These figures suggest to me that the industry is not producing enough of what British farmers require. Here is an opportunity to expand our share of world trade by providing more adequately for the home market," he said.

"Imports saved are as valuable to the balance of payments as exports earned."

U.K. sugar beet planting nearing completion

BY OUR COMMODITIES STAFF

MORE THAN 83 per cent. of nearly 480,000 acres of this year's planned U.K. sugar beet area was planted by April 23, the British Sugar Corporation said yesterday.

Drilling should be completed by the end of April or early May, but total plantings would depend on the weather over the next two weeks. They should not fall far short of the 510,000 acres contracted—the same level as last year's actual average.

Mr. Thomas Morgan, the chairman of National Farmers' Union sugar committee, said drillings were almost completed in the eastern half of the country. Over the whole of the U.K. the yield should be finalised by the end of this week, if the weather remained normal.

Final sowings might be slightly less than 510,000 acres because of disappointing yields in recent years, he said.

Although it was premature to speculate on the size of the eventual crop, Mr. Morgan said that if the weather was ideal, the result could top 1m. tonnes of white sugar, compared with the 700,000-tonne harvest from the drought-hit 1976-77 crop.

However, Reuters reported from Paris that the French 1977-78 sugar beet season had got off to an inauspicious start, with sowings held up by the cold wet weather of early April.

The Beet Planters' Association in its review of the situation at April 15, said frost had destroyed some seedlings.

The Trade and Industry Minister, Dattuk Hamzah Abu Samah, had discussed the sugar contract with Mr. Andrew Peacock, the Australian Foreign Minister, when Mr. Peacock visited Malaysia last week and had told him that Malaysia wanted to resume negotiations with the Queensland Sugar Board.

The talks broke down late last year after each side had rejected proposals by the other, but the contract was still being met at the contracted price.

The Malaysian Trade Department said Malaysia had proposed a revision of the six-year contract signed in 1980 to take account of the fall in world sugar prices since then.

Under the contract, CSR of Australia, agreed to supply 1,550m tonnes of Queensland sugar to Malaysia from 1975 to 1980 at a price quoted by Trade Ministry officials at \$14.50 ringgit per tonne.

When the contract was signed, the world sugar price was the equivalent of about 1,600 ringgit per tonne. Since then, it has dropped to the equivalent of about 500.

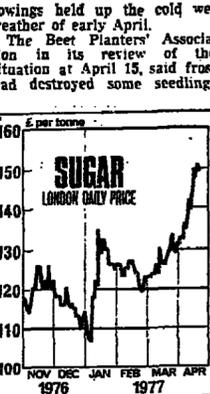
emergency food needs. The ability to deal with instability and price volatility depended on America's ability to persuade other nations to accept a reasonable part of the burden of adjustment to change.

The target price for each crop would be replaced by a net farm income objective for all eligible crops, said Mr. Pearce.

Neither planting choices nor export planning objectives would curtail the farmer's right to income support. Farmers with mopping alternatives would be encouraged to shift land to more profitable crops.

On grain reserves, Mr. Pearce said: "The decision to give producers control of the 300m bushel wheat reserve, has apparently removed a major obstacle to creation of a conscious reserve stock."

The U.S. should shelve its efforts to set a limit on international grain reserve systems. Instead, an international food financing facility should be established to assist developing countries in meeting their



SUGAR LONDON DAILY PRICE

planted in March which had been making good progress. Only about 30 per cent. of the growing area had been sown by April 15, with the Nord/Pas de Calais area the worst affected.

However, Reuters reported the Malaysian Trade Department as saying that Malaysia would like to resume

Further fall in coffee

By Richard Mooney

THE COFFEE PRICES on the London futures market lost further ground yesterday. The July position closed 137 lower at \$2,787 a tonne—its lowest for nearly three weeks.

Dealers said the movement reflected the "bearish" mood of the market rather than any fundamental considerations.

The market appears to be moving in a fairly wide trading range with the upper limit at around \$4,100 a tonne and the lower limit set by roaster buying after each fall.

Recently the roaster buying has set in at about yesterday's levels, but its continued absence suggests that manufacturers feel prices could fall further this time.

Our New Delhi correspondent writes: The Indian Government has steeply raised the export duty on coffee from Rs.1,300 to Rs.2,200 per quintal in a bid to wrap up expected fall profits that exporters have made because of the rising world coffee prices.

The export duty on tea has already been raised for the same reason.

Indian coffee export earnings have been rising steadily over recent years from Rs.660.50m. in 1975-76 to an estimated Rs.770m. in 1976-77.

Because of the recent spurt in international prices, coffee export earnings are expected to rise much more, especially as the crop has been good and the coffee board, based in Bangalore in Karnataka state, has been making major export promotion efforts.

Brazil iron to cost Japan more

TOKYO, April 26

JAPANESE STEEL mills have agreed to pay 8-10 per cent. more for the Brazilian iron ore they are to import in 1977-78 (April to March), an industry spokesman said.

The spokesman, from Nippon Steel Corporation, said the new pricing agreement was signed between Cia Vale do Rio Doce and a group of eight big Japanese steel companies, including Nippon, Kawasaki Steel and Sumitomo Metal Industries.

Under the present long-term contracts with Rio Doce, Japan is to buy 17.5m. tonnes of iron ore annually in the two-year period ending in 1978.

According to go into details of the pricing deal, but industry sources said the agreed price will raise the cost to Japan by about \$17m. a year.

Australia wool sale dates

SYDNEY, April 26

THIS WEEK'S Adelaide and Portland wool auctions are each being shortened by one day, while the Albany sale is being put back a day, the Australian Wool Buyers' Council said.

The Adelaide sale, due to start today, is reduced to a two-day sale on April 27-28. The two-day Portland sale, originally scheduled to start tomorrow, is reduced to a one-day sale on April 28.

The Albany sale, which was to start on April 29, is now scheduled for April 30.

The Council said the shortening of the Adelaide and Portland sales was due to the fact that the wool was not as good as expected.

The Albany sale was being put back a day because of the fact that the wool was not as good as expected.

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India plans summer crops switch

BY K. K. SHARMA, NEW DELHI CORRESPONDENT

THE INDIAN Government has asked officials to formulate plans by the end of this month to increase the acreage under cotton, oilseeds and pulses in the "kharif" (summer) crop in a bid to increase availability and check the rising prices of these commodities.

The committee will suggest whether the Government should increase the acreage under these crops and how production can be increased by use of high yielding varieties of seeds.

The inflation rate in the financial year ended March 31 was an alarming 15 per cent. and the Government is anxious to increase the availability of both edible oil and cotton. Hence the programme to add to the acreage

by licensees to make profit. This is possible because of the record foodgrain stocks of the indigenous paddy.

The Government is also anxious to increase farmers to divert land of seeds rather than grain. The Government's target, which was not met last year, is to increase the acreage under oilseeds.

Under oilseeds, the Government is also planning to record foodgrain stocks of the indigenous paddy.

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Cuts in livestock causing concern

BY A CORRESPONDENT

BEEF COW numbers in some parts of Scotland are declining at an annual rate of 10 per cent. Breeding sow numbers by 3.5 per cent. and dairy cow numbers by 1.2 per cent.—and many farmers are planning further considerable reductions in stock numbers.

These are the results of a survey taken recently by the Aberdeen and Kincardine-shire area of the National Farmers' Union of Scotland.

There was a 50 per cent. return of survey forms, which were sent to about 2,500 farmers. The numbers of breeding stock involved are particularly significant against the total Scottish population, since the north east corner of Scotland is an important livestock producing area.

Measured against the official June census figures, the beef cow numbers returned in the sample account for about 40 per cent. of cows in the area and about 3 per cent. of all beef cows in Scotland.

The breeding sow numbers accounted for about 50 per cent. of the sows in the area and about 20 per cent. of all sows in Scotland, while the dairy cow num-

bers were about 3 per cent. of the Scottish dairy herd.

For the future, 40 per cent. of all the pig producers, 32 per cent. of the beef and 20 per cent. of the dairy farmers, declared their intention to cut back further in production.

The NFU committee responsible for the survey commented that the decline in the number of pig producers, 32 per cent. of the Scottish pig herd and the 2m. beef cattle—80 per cent. of the Scottish cattle population—probably more than 30 per cent. of the crop.

The committee suggested that the Scottish pig herd should be reduced to about 15 per cent. of the Scottish pig herd and the 2m. beef cattle—80 per cent. of the Scottish cattle population—probably more than 30 per cent. of the crop.

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HK exchange opening

HONG KONG, April 26

MR. PETER SCALES, chairman of the Hong Kong Commodity Exchange has confirmed that the exchange plans to open on May 9, subject to the issue of a licence by the Government's Executive Council.

He said he understood that the Government's Executive Council would meet on May 9 to consider the issue of the licence.

Mr. Scales said that the list of exchange members had not yet been finalised, but most of the applications received so far—more than 50—had been

processed. The membership was expected to include many of the large U.S., European and Japanese Commission Houses.

It is hoped to open the market in raw cotton futures. Mr. Scales said that the list of exchange members had not yet been finalised, but most of the applications received so far—more than 50—had been

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COMMODITY MARKET REPORTS AND PRICES

Table with columns for Commodity, Unit, and Price. Includes sections for BASE METALS (Copper, Tin, Zinc, Lead, Silver) and GRAINS (Wheat, Corn, Soybeans, Rice). Prices are listed in dollars and cents.

PRICE CHANGES

Price per tonne unless otherwise stated.

Table showing price changes for various commodities. Columns include Commodity, Unit, and Price Change. Includes sections for BASE METALS, GRAINS, and OILS.

U.S. Markets

NEW YORK, April 26

Table showing U.S. market prices for various commodities. Columns include Commodity, Unit, and Price. Includes sections for GRAINS, OILS, and MEAT/VEGETABLES.

Behörde (Department) ALTER

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FINANCIAL TIMES SURVEY

Wednesday April 27, 1977

Hamburg

Hamburg's broadly-based local economy has stood it in good stead—the city state is now the wealthiest region in West Germany. In addition it is one of the country's most attractive cities. ADRIAN DICKS reports.

Hamburg pinned high hopes through the encouragement of new industrial investment, its highest priority. This week, Herr Klose, Dr. Nölling, and other leading members of the Hamburg Senate and business community are in the U.S. seeking to interest potential investors in Hamburg as an industrial location, as well as in making its facilities as a port and distribution centre better known.

Costly

For home consumption, meanwhile Herr Klose said in a recent Press interview that Hamburg must learn to live within its means: the money to pay for the city's good, yet ever more costly, economic infrastructure, must be earned before it could be spent. Hamburg's budget will once again require the financing of a deficit of close to DM400m., but the Senate is also committed to economy measures to bring this figure down.

It remains to be seen how this more changeable economic climate will affect voting patterns next year. In private, neither the SPD nor the FDP care much for the coalition (a mutual sense of boredom and frustration that closely reflects feelings about the coalition at federal level in Bonn). Yet the Social Democrats themselves see little chance that they can regain the absolute majority they once enjoyed in Hamburg, and the prospects are therefore that the present administration will endure unless Hamburg's Christian Democrats can win something close to a landslide or can persuade the FDP to change its allegiance as it has done in neighbouring Lower Saxony.

Flexible in the face of change

economy is still carried on in a personal, discreet and even secretive manner that would not—other than in its technology—strike Thomas Mann as very different from the magic circle of Hanseatic wealth and influence he wrote about in Buddenbrooks the better part of a century ago.

To other Germans, it is perhaps not surprising that the reserved, discreet style of Hamburg sometimes seems haughty or condescending. There tends to be less philosophising, less soul-searching in conversation in Hamburg: instead, the emphasis is on the practical and the pragmatic, and there is a good deal of talk about money. Such qualities shared may well account for much of the esteem in which Hamburg holds Great Britain—a feeling of common values that seems to apply as much to Chancellor Schmidt and his friendships with leading British labour politicians as it does to the worlds of business and industry. English is almost a second language in Hamburg, while the English style and way of life remain, in spite of Germany's concern at "the British sickness," as popular as ever. Indeed, to watch the tall, thin, elegantly pin-striped members of one of Hamburg's exclusive, all-male clubs, sitting in their deep leather armchairs and savouring their dry sherry, is to find you are seeing something even more English than the real article.

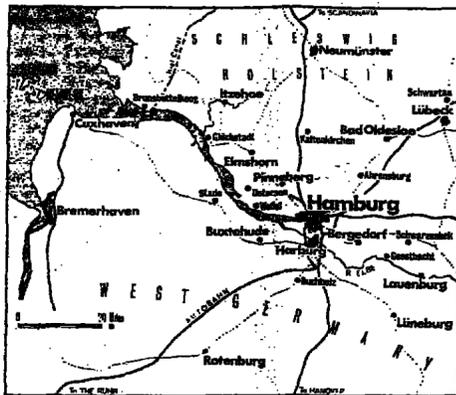
Yet the impression can be a misleading one. Hamburg is almost a microcosm of modern West Germany, the richest federal State in income per head in a rich country. The seafaring and trading activities of the city still keep their importance, handling about one-fifth of the Federal Republic's entire foreign trade. But the day has

long since gone when they were the largest employers or the greatest contributors to the city's wealth. Politically, too, the dominant note has long been that of a moderate, progressive social democratic movement—though as in other parts of Germany, more strident voices to the left are also now to be heard more frequently.

Hamburg nowadays is the second largest industrial city in Germany, after Berlin, and its largest single activity in terms of numbers of jobs is the electrical engineering sector, followed by machinery building and mechanical engineering, with shipbuilding only in third place, narrowly ahead of chemicals.

Succeeded

Beyond this, however, Hamburg has succeeded to a greater extent than perhaps any other single West German city in gradually acquiring the feeling and the infinite miscellany of activities that go to make up a true metropolis—which Germany lost with the division during the war. In the old centre around the Inner and Outer Alster lakes, an agreeably old-fashioned scale has been maintained, so that copper-roofed and church steeples are among others the major weeklies, such as Die Zeit, Der Spiegel and Stern. Radio and television, the recording music publishing and advertising tend to be centred here. So is much of West



Hamburg's present policy, according to the Senator in charge of economic affairs, Dr Wilhelm Nölling, is to try to broaden the economic base still further. Diversification, as has been the experience of other metropolitan areas with a large service and distributive function, acted to some extent as a protection during the recent recession, so that Hamburg's unemployment has consistently remained appreciably lower than that of the country as a whole. The other side of the coin, however, has been a more sluggish growth performance. In 1976, when West Germany as a whole increased gross national product by 3.5 per cent., that of Hamburg was up by only 4 per cent.

Concern

In addition, there is room for serious concern at the present state of several of the main industries on which the city depends. Shipbuilding in Hamburg, as everywhere in Europe, is threatened by the continuing world slump in new orders, despite heavy investment in recent years in new facilities. Electrical and mechanical engineering have yet to feel the benefits of any really strong recovery in West German domestic business confidence. Aircraft building, on which

Germany's film production, and some of its best theatrical and musical performances. Hamburg is one of the most attractive of German cities, although heavily damaged areas survive and have been scrupulously refurbished. For all that it is one of the most built up of the West German states, Hamburg has a lot of greenery and green space—and in the southern suburbs, even a flourishing agricultural sector which used to supply early fruit and vegetables to the imperial court at St. Petersburg.

outside the centre, with much of the international oil industry, for instance, now installed in brand new quarters close to the Fuhlsbüttel Airport. Meanwhile large 19th century residential areas survive and have been scrupulously refurbished. For all that it is one of the most built up of the West German states, Hamburg has a lot of greenery and green space—and in the southern suburbs, even a flourishing agricultural sector which used to supply early fruit and vegetables to the imperial court at St. Petersburg.

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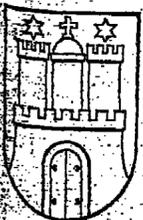
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Dr. Wilhelm Nölling
Senator for Economic Affairs, Transport and Agriculture



Behörde für Wirtschaft, Verkehr und Landwirtschaft
(Department for Economic Affairs, Transport and Agriculture)
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HAMBURG III

The long tradition of trade and finance

HAMBURG'S THOUSANDS of independent trading firms, quick thinking and the qualities that count for most. According to the records of the Hamburg Wholesale and Foreign Trade Federation (WGA), there are no limited companies among the trading firms, and none that have any financial link with industrial groups. Nearly all are family run or are partnerships, and the major houses such as Toepfer, Mabanft, Karl O. Helm or Coutinho, Caro notwithstanding, the average size is only 20-40 staff. No one knows exactly how many individual businessmen there may be in Hamburg working on their own or with one or two people, for it is a characteristic of nearly all the trading firms, from the smallest to the largest, to shun even the suggestion of publicity about themselves or their affairs.

That is an understandable position on the part of men whose most precious asset is their expert know-how. Yet there are certainly some among them who see the need to speak out in defence of the independent export/import firms' economic role. It has come under pressure, like much else, from the recession in world trade between 1974 and 1975. In hard times it has become more imperative than ever for independent traders and brokers to adapt themselves to changing trade patterns—for example the more important share in West Germany's foreign trade that is now taken by manufacturers rather than raw materials, and the resulting decline in the relative importance of Hamburg's traditional special preserves overseas.

As they try to find ways to adapt to this situation, Hamburg firms feel they have an advantage in their small, personally-run structure and in the flexibility this brings. They feel that will reduce the risks of currency fluctuations, credit problems and other snags. They also believe they can provide, especially to smaller exporters, the type of after-sales service to customers abroad that secures a lasting share of the market—and that, for West German industry, struggling with an ever-dearer Deutschemark, is particularly important to achieve.

Whether the trading firms can successfully meet this challenge remains to be seen, though the gradual contraction in membership in the WGA suggests that their ranks are being thinned out. A Hamburg writer who has made a study of the trading firms, Herr Klaus Broichhausen, suggests that they should now be more prepared to co-operate with one another, if not actually to look for ways to merge their interests, both as a way of making better common cause against the formidable competition of the Japanese trading houses and as a means of using their own financial resources to better advantage.

It also seems possible that Hamburg can build further on the close relationship that has existed in the past between its expert trading houses and the banking institutions that have grown up alongside them—indeed, in a good many cases, under the same roof. No less than in London, the term "merchant banker" precisely described the early evolution of a group of men who combined the functions of bankers, traders and shipowners. Hamburg is fond of pointing out that in 1619, Hanseatic merchants sought to protect themselves against rapid devaluation of the currency then in circulation by creating a bank in which their payments were cleared entirely in terms of a paper unit, the Mark Banco. They set up what amounted to the world's first Giro system.

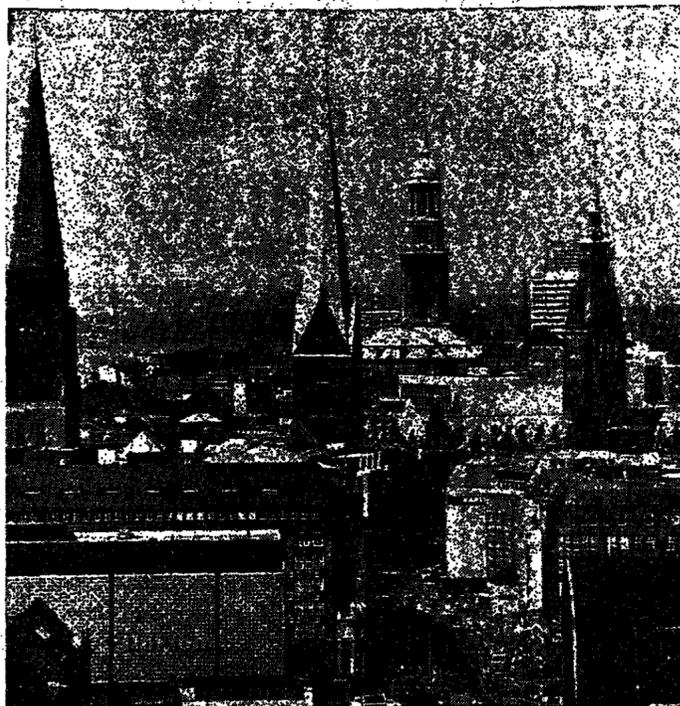
Hamburg's growth into a centre specialising in foreign trade, especially that with distant and relatively little-known parts of the world, led to a similar degree of specialisation on the part of its banking community. Well before the end of the 19th century, institutions had been formed that specialised in doing banking business with particular countries and regions. Meanwhile the internal growth of the city during the 19th century produced new pressures of its own, and Hamburg can claim to have been among the first communities to meet the needs of a growing population with savings banks as early as the 1820s.

Today, the Hamburg banking business is of course an integral part of the national picture. The scene is dominated by the same big names familiar in every West German city, and these major banks have for some years had controlling interests in several of the larger of the old-established Hamburg foreign trade banks such as that of Dresdner in Deutsch-Südameri-

kanische Bank or the Deutsche Bank in Deutsche-Überseeische Bank. Changes in the ownership of the specialist banks has not altered the type of business they do, though it has of course had the advantage of putting a good deal more financial backing behind them.

Direct financing of export and import transactions provides much of the bread and butter of Hamburg banking, and hand-in-hand with this goes much of the foreign currency business that is created by trade. In happier times, Hamburg could also proclaim itself the centre in West Germany (and for much of Europe) of shipbuilding and ship-owning to account for a surprisingly high proportion of Hamburg's wealth and economic activity.

The number of foreign banks in the city has also been growing, with a total of 16 at the end of last month, including British, U.S. and Japanese institutions. The dozen among them, the Hongkong and Shanghai Bank, has been in Hamburg since before the turn of the century.



Modern office blocks are dwarfed by the towers and spires of Hamburg's churches and Rathaus.

Growing conference centre

FAIRS AND congresses are an intensely competitive business among the major cities of the world, and nowhere more so in Europe than in West Germany. At first sight, it would seem to be an impossible task for a relative newcomer to get a foothold, given the long traditions of such events as the Hannover, Cologne and Leipzig fairs, to say nothing of the strenuous efforts being made by such cities as Berlin (West and East alike) to establish themselves and the exhibitions they sponsor as permanent fixtures on the international business calendar.

Hamburg has some events of its own, notably the International Catering and Hotel Exhibition, Internorga, that date back to the 1920s. But when in 1973 it built a brand-new conference centre at the Dammtor, close to the existing exhibition halls, it was taking a considerable gamble. Its strategy has been to seek to create new business for itself, rather than to muscle in on what other cities are already fighting hard to win from one another. In the main, this has been done on the principle that the city should concentrate on those areas of inter-

national business which it knows best.

The sea, not surprisingly, comes out as the single most important common feature of the exhibitions, fairs and conferences which Hamburg has been working hard to make its own. Two of these, usually arranged consecutively, are the European Marine Trade Exhibition and the German International Boat Show. On next year's calendar are the Exhibition and Congress on the Ship, Machinery and Marine Technology, which will be held simultaneously with the International Oil Pollution Exhibition and Conference.

Company's brochures puts it as a gadgetry. Not that even Hamburg believes that its efforts to congress is not a rest cure. The headed Hamburg can entirely concentrate on more workman-physical proximity of Congress technology, among the attractions imposed by the practical and the abstract will mono-rail ferrying visitors. Yet none of this carefully expounded strategy could turn Hamburg into a fair and conference town without the existence of the right facilities. The city dug deep into its pockets in the early 1970s to help provide these, and the Congress Centre itself is the result. At a cost of some DM140m, in fact, it seems a bargain by comparison to what is being spent in some other cities. The centre itself is elegant, flexible in its space arrangement and colour-coded so that even the most pre-occupied participant would have a hard time straying into the wrong forum.

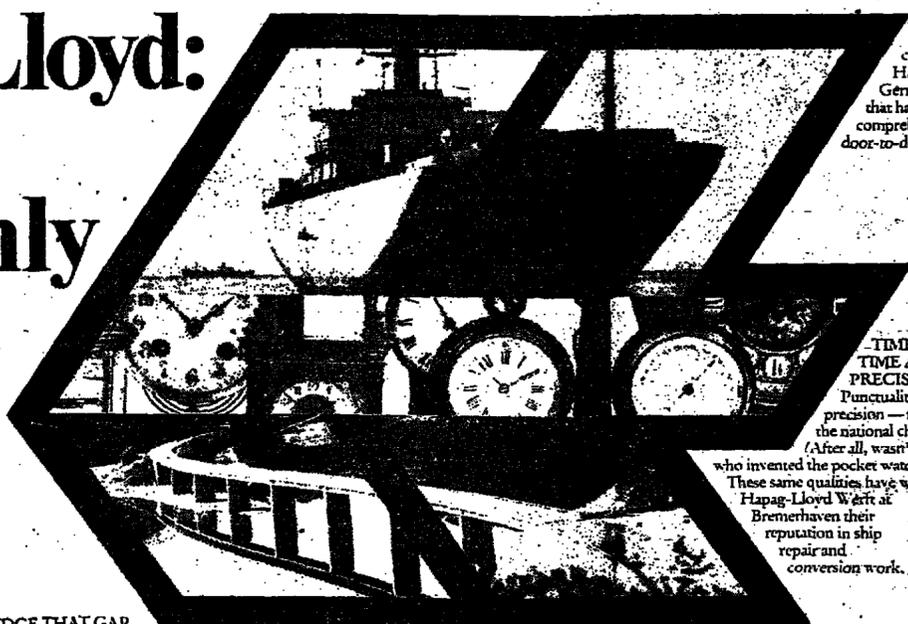
Working

Here, too, Hamburg is content to stress that it is interested in the "working" rather than the "excuse-for-a-holiday" type of convention. The reason here is not only Hansaatic preference for keeping business and relaxation separate, as Hamburg extensive car parking and a conference experts see it, the main line station on its doorstep. In between conferences, the city has acquired three handsome auditoriums for theatrical, musical and social events.

Widely

As their names suggest, these twin events will range very widely over the entire field of maritime activity, with what the organisers claim will be one of the world's largest concentrations of exhibitors of offshore oil exploration and production hardware. Hamburg wants to see the emphasis put as far as possible on the practical and the businesslike: as one of the Hamburg Fair and Congress

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AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

July 1975

Main table containing financial data for various unit trusts and offshore funds, including columns for fund names, managers, and performance metrics.

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions, including B.N. Bank, Hill Samuel, and others.

ART GALLERIES

Table listing art galleries and their locations, such as AGNEW GALLERIES and EARLY ENGLISH WATERCOLOURS.

CINEMAS

Table listing cinema listings and showtimes for various venues like THE 2 SHAPTEBURY AVENUE and THE MIDWAY.

ART GALLERIES

Table listing art galleries and their locations, such as EARLY ENGLISH WATERCOLOURS and COLNAGH'S.

INSURANCE, PROPERTY, BONDS

Large table listing insurance, property, and bond products from various providers like ABILEY LIFE ASSURANCE CO. and GENERAL PORTFOLIO LIFE INS. CO.

INSURANCE BASE RATES

Summary table of insurance base rates, including Property Growth, Cannon Assurance, and Welfare Insurance Co. Ltd.

CORAL INDEX: Close 417.423

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FT SHARE INFORMATION SERVICE

INDUSTRIALS (Miscel.)

CANADIANS

Table of Canadian stock prices including companies like Alcan, Inco, and Noranda.

BUILDING INDUSTRY-Continued

Table of building industry stock prices including companies like Bovis Lend Lease and Bovis Lend Lease.

DRAPERY AND STORES-Continued

Table of drapery and stores stock prices including companies like Debenhams and Debenhams.

ENGINEERING-Continued

Table of engineering stock prices including companies like Balfour Beatty and Balfour Beatty.

ELECTRICAL AND RADIO

Table of electrical and radio stock prices including companies like GEC and GEC.

INDUSTRIALS (Miscel.)

Table of industrial stock prices including companies like ICI and ICI.

BRITISH FUNDS

Table of British fund prices including various investment funds.

BANKS AND HIRE PURCHASE

Table of bank and hire purchase stock prices including companies like Abbey National and Abbey National.

CHEMICALS, PLASTICS

Table of chemical and plastic stock prices including companies like ICI and ICI.

ENGINEERING, MACHINE TOOLS

Table of engineering and machine tools stock prices including companies like Balfour Beatty and Balfour Beatty.

FOOD, GROCERIES, ETC.

Table of food and grocery stock prices including companies like Borden and Borden.

INDUSTRIALS (Miscel.)

Table of industrial stock prices including companies like ICI and ICI.

INTERNATIONAL BANK

Table of international bank stock prices including companies like Citicorp and Citicorp.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit stock prices including companies like Carlsberg and Carlsberg.

CINEMAS, THEATRES AND TV

Table of cinema, theatre, and TV stock prices including companies like Rank and Rank.

DRAPERY AND STORES

Table of drapery and stores stock prices including companies like Debenhams and Debenhams.

INDUSTRIALS (Miscel.)

Table of industrial stock prices including companies like ICI and ICI.

INDUSTRIALS (Miscel.)

Table of industrial stock prices including companies like ICI and ICI.

COMMONWEALTH & AFRICAN FUNDS

Table of commonwealth and African fund prices including various investment funds.

LOANS (Miscel.)

Table of loan prices including various financial instruments.

FOREIGN BONDS & RAILS

Table of foreign bond and rail stock prices including companies like British Rail and British Rail.

AMERICANS

Table of American stock prices including companies like IBM and IBM.

INDUSTRIALS (Miscel.)

Table of industrial stock prices including companies like ICI and ICI.

INDUSTRIALS (Miscel.)

Table of industrial stock prices including companies like ICI and ICI.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building industry, timber, and road stock prices including companies like Bovis Lend Lease and Bovis Lend Lease.

INDUSTRIALS (Miscel.)

Table of industrial stock prices including companies like ICI and ICI.

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OVERALL TREND PUZZLES WHITEHALL

Jobless increase only slight

B PETER RIDDLE, ECONOMICS CORRESPONDENT

THE NUMBER of people out of work in the U.K. increased very slightly last month after falling in the previous two months...

garded as a forward indicator of changes in the labour market, have risen by 1,200 to 158,500...

This trend, coupled with the evidence over a period of several months of a stabilisation in the level of unemployment...

The total is about 3,000 lower than in mid-December, and only 4,000 higher than last September...

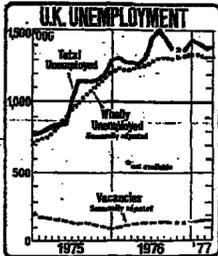
One explanation is that the Government's various job preservation and creation measures are having a considerable effect...

But this cannot account for the rise in vacancies, which have traditionally been re-

after the earlier increase in overtime working. It appears that Government action as well as the depth and length of the recession have altered certain traditional relationships in the labour market...

The official view remains that the long-term trend in unemployment is still upwards. This is against the background of a projected rise in gross domestic product...

It is possible that unemployment will rise again during the next few months, especially if the Government's job measures have now reached a peak.



Obviously helpful to the Government in their talks with the TUC, although David Bennett, the general secretary of the General and Municipal Workers' Union, yesterday called for more Government action.

Mr. Booth noted that the "most worrying aspect" of the figures was the impact of this

year's first batch of school-leavers. Unemployment among school-leavers has risen by 20,233 to 53,571 in the last month and accounts for a rise of more than 8,500 in the adjusted U.K. unemployment figure to 1,39m.

The Government is looking at a number of special measures in this area and yesterday the Manpower Services Commission discussed a report on a package of schemes, which will be discussed within Whitehall.

The highest unemployment figure for school-leavers last year was 408,900 in July. Although this fell rapidly, the prospects for this year's school-leavers are no brighter than last summer.

The main impact of school-leavers on the register will not come until the mid-June count.

Kuwait has big stakes in U.K. finance houses

BY KEITH LEWIS

THE Kuwait Investment Office has built up substantial stakes in leading British financial institutions, according to the office's disclosures of its holdings of more than 5 per cent in U.K. quoted companies.

The disclosures are required by section 26 of the Companies Act, 1976, which came into effect 10 days ago.

The total holdings in all sectors, so far disclosed by the office, amount to about £32.5m. at yesterday's closing prices.

Most of the institutions involved were aware of the Arab stake. This applies to Guardian Royal Exchange, the largest holding so far declared—in cash terms—Legal and General and Alexander Rowden.

However, Trafalgar House, the property, shipping and construction group, expressed surprise at the extent of the holding.

Mr. Nigel Broaches, chairman, said that "I knew that the Arabs had been supporters of Trafalgar and I would have guessed the holding to have been around 5m. shares."

One of the most interesting holdings is the 9.87 per cent in United Discount, worth £2.36m. The Bank of England said that the holding had been acquired with the full knowledge and approval of the Bank.

Other notable holdings in the

Table with 3 columns: Name, % holding, value (£m). Includes Guardian R.E., Trafalgar House, Legal & General, Alexander Rowden, Nat. Commercial Bank.

financial sector include the Bank of Scotland, where there is a stake of 5.4 per cent worth £1.4m.

Another stake of 9.1 per cent, holding valued at £2.4m.

The Arab holding in Stenhouse, the insurance broking and industrial group, amounts to 6.9 per cent of the capital, worth more than £2.5m.

A block of 3.17m. shares in Provident Financial, the check trading company, also is revealed.

The office has shown a taste for investment trusts—seven of the 20 holdings disclosed are in investment trusts.

Others, between £1m.-£2m. each are in London Scottish American (5.1 per cent), Romney (5.5 per cent) and Lake View (5.5 per cent). Those worth less than £1m. include London and Montrose, London

Kirkby co-operative offered further £860,000 grant

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE GOVERNMENT has ignored a recommendation by its Industrial Development Advisory Board that there should be no more financial support for the workers' co-operative at Kirkby and has offered a further grant of £860,000.

A stake of just less than 10 per cent of Decca Ordinary shares—the larger market in the A shares which do not carry votes—is worth £2.25m.

An investment of £1.7m. has been made in a 7.94 per cent stake in BBA Group.

More disclosures, Page 25

Mr. Eric Varley, Industry Secretary, last night made it clear that the cash was being offered to preserve the 775 jobs involved.

Kirkby now known as Kirkby Manufacturing and Engineering Company, is based on Merseyside where the unemployment rate is running at more than 10 per cent.

Mr. Varley also indicated that this was the last tranche of Government money which Kirkby would need—it first received a grant of £3.9m. in January 1975 when Mr. Tiny Benn was Industry Secretary.

"The members of the co-operative believe that with this assistance they can succeed and their representatives have assured me that they will not have to apply for any further Government assistance in the future," Mr. Varley said in a written Parliamentary reply.

"I have consulted the Industrial Development Advisory Board who did not recommend support since the proposal does not comply with the criteria

Shell dividend

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE IDEA that Shell was on the point of being exempted from dividend controls because of its business in overseas countries sent the shares up by as much as 20p to 528p at one point yesterday, in active trading.

But after hours came the news that a request for exemption had been turned down by the Treasury, which means that the backlog of undistributed dividends built up under the sharing arrangement with Royal Dutch—amounting to over 20p per share—remains out of the reach of shareholders.

The price promptly dropped back to 512p.

Since assets are just as important as earnings when it comes to exemption, it would have been very surprising if the Treasury had come to any other decision.

Shell does not disclose the size of its U.K. assets: the nearest it gets is to show that Europe makes up 50 per cent of the Royal Dutch/Shell Group's net assets.

But they clearly represent a significantly higher proportion of the total than has been the case with other groups which have gained exemption for the reason—especially where the assets are in the form of plantations (where profits this year could be treble the 1976-77 figures) and at the higher end of the scale.

But because of its unusual history it has difficulty in finding loans from normal commercial sources.

Mr. Gordon Goering, Phillips manager for the Ekofisk area, said that two or three clear working days were needed before the well could be successfully killed.

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Barre tells of £480m. employment package

By Robert Mauthner

PARIS, April 25. M. RAYMOND BARRE, the French Prime Minister, today presented to the National Assembly a Frs.480m. (about £480m.) plan aimed mainly at reducing the high rate of unemployment which is generally held responsible for the government's severe defeat at the recent municipal elections.

This is the second major attempt by Mr. Barre to rescue the Government's sinking fortunes with an economic package.

The measures, in conjunction with Mr. Barre's first and more substantial economic stabilisation plan of last September, are clearly intended to produce a general improvement in the economy in time for the next General Election, due in the spring of next year.

But the Prime Minister remained true to his word, and ruled out reflationary policies for the rest of the year.

He devoted practically the whole of his declaration on the policies of the Government, formed last month, to what he described as "a national employment pact" which will benefit mainly the young.

The Government is asking Parliament for a vote of confidence on its plan, which includes a rise in family allowances and pensions, and is to be financed by higher petrol prices and the floating of a Frs.5m. long-term State loan. The vote is expected to be held on Thursday.

Mr. Barre's new measures were sharply criticised by M. Francois Mitterrand, leader of the opposition Socialist Party, who described them as an indication that the Government's previous economic plans had failed.

In spite of all his efforts and promises, Mr. Barre had failed to bring in a budget, and had not succeeded in balancing the trade account, was running a large Budget deficit, and had provoked the hostility of the workers by his employment policies, M. Mitterrand said.

The Prime Minister admitted that unemployment, running at about the 1m. mark, was a "black spot" on the country's economy which, on the whole, had improved steadily since his first stabilisation plan.

Parsons makes 1,600 redundant

BY MAX WILKINSON

THE NEWCASTLE turbine-generator maker C. A. Parsons yesterday announced 1,600 redundancies which will be phased until the end of next year.

The company said that it could delay no longer in the hope that the Government would secure the placing of a new order for the Drax B power station near Selby.

At the same time the company made its first public statement on the possibility of a merger of its turbine-generator interests with those of General Electric Company.

Parsons said that no negotiations had taken place. But it laid down some of the conditions which have undoubtedly been put to the Government during the recent round of discussions.

The conditions would include acceptance by both management and labour as stated in the Central Policy Review Staff (Think Tank) report; equitable security of employment between the respective manufacturing units; recognition of technology at Parsons; the placing of the

submarine generator order for Drax B with Parsons; and the payment of a reasonable price for the business.

This is the first indication that the main board of Reynolds Parson's, which owns C. A. Parsons, is seriously thinking of disposing of the business. Negotiation on the price have not yet taken place but it is believed that Reynolds Parson's would be thinking of about £10m.

The main stumbling block would be the attitude of the Parsons, which owns C. A. Parsons, is seriously thinking of disposing of the business.

On the other hand the GEC unions are opposed to a deal which would, in effect, transfer the business to the North East to GEC at Rugby, Trafford or Larne in Northern Ireland.

Both groups of unionists are engaged in intensive lobbying of their MPs and of Ministers. The North-East group has been rather more in evidence, partly because it faces more imminent redundancies.

GEC has told the Government firmly that it could not agree to a formula by which either Parsons or the National Enterprise Board became partly responsible for factories at present managed by GEC.

It is prepared to agree to a merger only if it is controlled by GEC. But various interim schemes have been suggested in which the Enterprise Board would act as a bridge, perhaps by buying Parsons for a temporary period.

The Civil Service and the Cabinet Energy Committee have largely accepted the GEC case. They have been persuaded that the industry can only compete for large export orders if it is backed by a company with the financial and managerial muscle which GEC can deploy.

GEC is prepared to keep most of Parsons' present management team together and to make it an independent profit centre in the company. The company believes satisfactory terms can be agreed with Parsons and is making it clear that it does not wish to be party to a shotgun marriage.

the platform, was forced to pull away and it appeared that no more work could be done to-day on preparing the blow-out well head for the vital capping operation.

But, for the first time, important breakthroughs were achieved in the attempt by the company to seal off the river. Phillips still is optimistic that the well can be capped soon, perhaps to-morrow or Thursday, if weather permits.

Some valves have been located on the well head structure, but bolts had not been secured when work was brought to a halt by the increasingly dangerous conditions.

Mr. Gordon Goering, Phillips manager for the Ekofisk area, said that two or three clear working days were needed before the well could be successfully killed.

The original plan was to carry out as much preliminary clearing work to-day as possible to allow the well to be capped tomorrow.

Now, the Red Adair blow-out men and Phillips engineers at the Ekofisk field must wait aboard the Chertaw to see if the delicate balance of weather conditions will allow an early resumption of work.

Early to-day, winds were blowing at an acceptable 22 to 24 knots and waves were reaching a height of four to six feet. But the sudden calm ended all progress this afternoon.

However, operations to deal with the ever-growing oil slick gained from the lull and a flotilla of up to 12 boats began laying plastic booms around sections of the slick. The oil concentrated inside the booms is being skimmed off and scooped into storage tanks aboard supply vessels.

A prototype Norwegian skimmer was rushed into action today and booms of varying lengths between 250 and 300 metres from Sweden and Britain are being used.

Ekofisk capping

Continued from Page 1

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Callaghan and Foot in talks on London Evening papers

THE FUTURE of the two London evening newspapers is to be discussed by Mr. James Callaghan and Mr. Michael Foot, Leader of the Commons, when the Prime Minister returns from a visit to West Germany.

Mr. Foot, a former editor of the London Evening Standard, made a statement to the Commons yesterday about the talks after increasing protests from print workers' and journalists' unions about proposals for a merger of the Evening Standard and the Evening News.

Journalists at the Evening News have called a disruptive meeting for 9 a.m. to-day to try to force their management to tell them more about the projected merger of the newspaper with the Standard.

The meeting will be a continuation of one called yesterday, which did not prevent publica-

tion of the News.

A statement on the future of the two newspapers is expected to-morrow from the two publishers. Yesterday, Beaverbrook was still denying that any deal had been signed.

On Monday, Mr. Vere Harmsworth, chairman of Associated, issued a statement giving details of ideas about a new London evening newspaper which could be formed from a merger of the News and Standard.

Up to 2,000 journalists and print workers stand to lose their jobs as a result of the merger. Redundancy payments are expected to amount to between £7m. and £8m.

Associated Newspapers is already drawing up a list of who should be offered jobs in the new evening newspaper, which is expected to look similar to the Daily Mail.

Senior executives in both com-

panies believe that the merger of the two London evenings is a prelude to a complete merger involving the Daily and Sunday Express and the Daily Mail.

Yesterday, Mr. Roy Hattersley, Prices Secretary and union representatives to explain his powers to prevent a merger. The discussion was confined to a fairly formal statement of the legal position, since no specific proposals have yet been put to Mr. Hattersley.

Under the Fair Trading Act, 1973, Mr. Hattersley would have to give his permission for the merger. He would also have to refer the proposal to the Monopolies Commission unless he believed that the newspaper being transferred (the Evening Standard) was not economic as a going concern or that the newspaper was not intended to continue as a separate newspaper or that the case was one of urgency.

Parliament, Page 14

THE LEX COLUMN

Brooke Bond leads the tea leaves

Interest rates are continuing to move lower in the money markets and Treasury bill rates are pointing to a quarter point fall in MLR on Friday.

The last time MLR was at these levels inflation was running at an annual rate of around 8 per cent. Prices are now rising roughly twice as fast and inflationary fears are reflected in the way that the yield curve is now steeper than it has been for two years.

Short gilt yields are now one-and-a-half points more than MLR, whereas only a few months ago they were yielding three-quarters of a point less.

The upsurge in tea and coffee prices is having an explosive impact on Brooke Bond's profits—and it working capital requirements. Profits for the year to June are now expected to jump from £26.2m. to at least £48m., and net cash flow could double to around £35m.

But after allowing for spending on fixed assets, the remaining £20m. or so is not going to be nearly enough to finance a rise of perhaps £80m. in net working capital over the year.

Hence the rights issue, second in 16 months, which will raise nearly £20m. of new equity. Net borrowings have already risen by perhaps £30m. this year, and stocks could rise by a further £50m. if the price stabilises at around 350p.

However, in view of the present severe and increasing unemployment in Kirkby, I have decided to offer financial support.

The Industrial Development Advisory Board opposed the first grant to Kirkby in 1975 on the grounds that the venture had no chance of being commercially successful because it was over-manned and because its mixture of products was not an easy one from which to make money.

Kirkby makes domestic radiators, car components, soft drinks and fruit and vegetable tins.

The Government decision to support the co-operative was also criticised by the Parliamentary Committee of Public Accounts when its report was published last October.

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Index rose 2.0 to 421.0

Brooke Bond

Stocks

Net Profit

Shell dividend

Brooke Bond

Shell dividend

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